



**State of Tennessee**  
**Health Services and Development Agency**  
Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
**www.tn.gov/hsda**      Phone: 615-741-2364      Fax: 615-741-9884

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**Date: February 12, 2016**

**To: HSDA Members**

**From:  Melanie M. Hill, Executive Director**

**Re: CONSENT CALENDAR JUSTIFICATION**

**Baptist Memorial Hospital, Memphis (Shelby County), TN - CN1512-066**

**For a major construction project with capital expenditure greater than 5 million dollars (renovation and equipment upgrade of the cardiovascular catheterization lab area) located at 6019 Walnut Grove Road, Memphis (Shelby County), TN 38120. The estimated project cost is \$6,109,654.**

As permitted by Statute and further explained by Agency Rule on the last page of this memo, I have placed this application on the consent calendar based upon my determination that the application appears to meet the established criteria for granting a certificate of need. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a certificate of need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

At the time the application entered the review cycle, it was not opposed. If the application is opposed prior to being heard, it will move to the bottom of the regular February agenda and the applicant will make a full presentation.

**Summary—**

The applicant, Baptist Memorial Hospital, is seeking approval for a major construction project with expenditures greater than 5 million dollars that involves the renovation and equipment upgrade of 5 cardiovascular catheterization labs located on the concourse floor of the main hospital building located at 6019 Walnut Grove Road, Memphis (Shelby County). Please see the application for a description of the project.

Baptist Memorial Hospital (BMH) is a non-profit hospital with 927 combined licensed acute care beds, including Baptist Memorial Hospital-Memphis (706 beds), Baptist Memorial Hospital-Collierville (81 beds) and Baptist Memorial Hospital for Women (140 beds).

#### **Executive Director Justification -**

**Need-** The need to renovate is evident based upon needing to meet current health facility guidelines. With the last renovations occurring 15 years ago, the proposed project will upgrade and rearrange the catheterization rooms into a configuration in accordance with the current guidelines. The project also includes new equipment as described in the application.

**Economic Feasibility-** The project will be funded by the cash reserves of Baptist Memorial Health Care Corporation Hospital. The CFO provided a letter dated December 14, 2015 indicating that funding would be provided through the hospital and BMHCC affiliated entities to support the project. The hospital's financial statements demonstrate that funds are available.

**Contribution to the Orderly Development of Health Care-** The project does contribute to the orderly development of health care since this construction project will replace aging cardiac services with new state of the art services and equipment. The hospital contracts with all three TennCare MCOs available to its service area population and is a Medicare provider.

#### **Statutory Citation -TCA 68-11-1608. Review of applications -- Report**

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

#### **Rules of the Health Services and Development Agency - 0720-10-.05 CONSENT CALENDAR**

- (1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.
- (2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.
- (3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its

official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.





**HEALTH SERVICES AND DEVELOPMENT AGENCY  
FEBRUARY 24, 2016  
APPLICATION SUMMARY**

NAME OF PROJECT: Baptist Memorial Hospital

PROJECT NUMBER: CN1512-066

ADDRESS: 6019 Walnut Grove Road  
Memphis (Shelby County), TN 38120

LEGAL OWNER: Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis (Shelby County), TN 38120

OPERATING ENTITY: Not Applicable

CONTACT PERSON: Arthur Maples, Director Strategic Analysis  
(901) 227-4137

DATE FILED: December 15, 2015

PROJECT COST: \$6,109,654

FINANCING: Cash Reserves

PURPOSE FOR FILING: Major construction with expenditures greater than 5 million dollars

DESCRIPTION:

Baptist Memorial Hospital (BMH) is a non-profit hospital with 927 combined licensed acute care beds, including Baptist Memorial Hospital-Memphis (706 beds), Baptist Memorial Hospital-Collierville (81 beds) and Baptist Memorial Hospital for Women (140 beds). BMH's main campus, Baptist Memorial Hospital-Memphis located at 6019 Walnut Grove Road, Memphis (Shelby County), TN 38120, is seeking approval for the renovation and equipment upgrade of 5 cardiovascular catheterization labs located on the concourse floor of the main hospital building. The proposed project totals 14,556 SF of total renovation, which includes renovation of 7,278 total square feet of catheterization suite area, and 9,175 SF of mechanical/electrical and circulation areas.

**BAPTIST MEMORIAL HOSPITAL  
CN1512-066**

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The applicant has been placed under **CONSENT CALENDAR REVIEW** in accordance with TCA 68-11-1608(d) and Agency Rule 0720-10-.05.

**SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW**

**CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

**3. For renovation or expansion of an existing licensed healthcare institution:**

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

*Currently, BMH operates 5 inpatient cardiac catheterization labs and 1 outpatient cardiac catheterization lab. The following table indicates there was a decrease of Intra-Cardiac or Coronary Artery procedures between 2012 and 2014. The applicant indicated the decline is due to drug eluting stents and advancements in the cardiac field and is reflective of national trends. However, Percutaneous Transluminal Coronary Angioplasty (PTCA) and Stents do not appear to be decreasing at the same rate with increases of 2.9% and 9.6% from 2012 and 2014.*

<b>BMH-Memphis</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change 12-14</b>
<b>Intra-Cardiac or Coronary Artery</b>	6,820	5,652	4,160	-39%
<b>Percutaneous Transluminal Coronary Angioplasty (PTCA)</b>	1,443	1,340	1,485	+2.9%
<b>Stents</b>	1,383	1,293	1,517	+9.6%
<b>All other Non Cardiac</b>	1,502	1,612	1,403	-6.6%

Source: CN1512-066

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

*The most recent renovation to the cardiac catheterization area occurred 15 years ago. The proposed project will upgrade and rearrange the catheterization rooms into a configuration in accordance with the current guidelines for interventional imaging suites. The project also includes new mechanical equipment for updating air-handling capability to ensure continued adherence to recommended air exchanges in the catheterization area. In addition, new equipment in the procedure*

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rooms will include pharmaceutical dispensing, lighting, and equipment ceiling mounts.

*It appears that this criterion has been met.*

### **Staff Summary**

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.*

Baptist Memorial Hospital seeks approval to renovate the space for 5 existing cardiac catheterizations labs located at their main campus to bring the labs into compliance with the current *Guidelines for Design and Construction of Health Care Facilities*. The 5 catheterization labs will remain in the same location and will require 5 phases of renovation over 18 months to ensure the continuity of services without interruption. Each phase will require the construction of barriers to protect the integrity and cleanliness of the patient's service area. A sixth catheterization lab that is primarily used for outpatient services on a different floor is not involved in this project.

In addition to the building renovation, new cardiac catheterization lab equipment will replace aging units acquired over 10 years ago that are reaching the end of useful life. The project involves the purchase of new imaging equipment for cardiac and peripheral vascular imaging in 2 cardiac catheterization labs, ceiling equipment mounts in all rooms, new lighting, 2 ultrasound imaging guidance machines and automated drug dispensing units.

An overview of the project is provided in the Executive Summary on pages 8-9 of the Supplemental #1. If approved, proposed cardiac catheterization renovations will be completed in December 2017.

### **Ownership**

- Baptist Memorial Hospital, a 706 licensed bed non-profit hospital, was originally formed as a Tennessee corporation on March 29, 1924.
- BMH is a wholly owned subsidiary of Baptist Memorial Health Care Corporation (BMHC). As noted in the organizational chart in Attachment A-4 of the application, the parent corporation has financial interests in multiple health care entities in West Tennessee, including 8 hospitals, and facilities in Arkansas and Mississippi.
- The licensed and staffed bed complement of Baptist Memorial Hospital is 706 and 549 beds, respectively.
- BMH's combined license for its main hospital campus and BMH-Collierville and BMH for Women satellite hospital facilities consists of 927 licensed beds.

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- Review of the calendar year (CY) 2014 Joint Annual Report maintained by the Tennessee Department of Health revealed that 547 beds were staffed on the last day of the reporting period. Based on 155,576 total inpatient discharge days, BMH's licensed and staffed hospital bed occupancy was 60.4% and 78.0%, respectively, in CY 2014.

**Note to Agency Members:** The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

***Licensed Beds - The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).***

***Staffed Beds - The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.***

#### **Project Need**

The applicant states the proposed project is needed for the following reasons:

- The proposed cardiac catheterization renovation is needed to meet current guidelines for the design and construction of health care facilities for catheterization room configuration, air handling, space, and controlled access.
- Aging cardiac equipment (acquired 10 years ago) in 2 procedure rooms will be completely replaced with combination units supporting cardiac and peripheral vascular procedures.

#### **Service Area Demographics**

Baptist Memorial Hospital-Memphis' declared primary service area (PSA) includes Fayette, Tipton, and Shelby Counties in Tennessee.

The total population of the service area is estimated at 1,053,153 residents in CY 2015 increasing by approximately 1.63% to 1,070,640 residents in CY 2019.

- The overall Tennessee statewide population is projected to grow by 3.6% from 2015 to 2019.
- Residents age 65 and older account for approximately 12.2% of the service area population compared to 15.2% statewide.
- The age 65 and older resident population is expected to increase by 13.1% compared to 10.7% statewide from CY2015 - CY2019.
- The number of residents enrolled in TennCare ranges by county from 15.88% to 26.71% of the total service area population compared to 20.5% statewide.

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Demographic features of Fayette, Shelby, and Tipton Counties compared to the State of Tennessee are shown in the table below.

Demographic Feature	Fayette	Tipton	Shelby County	Service Area	Tennessee
2015 Population	41,835	64,759	946,559	1,053,153	6,649,438
2019 Population	45,963	68,477	956,200	1,070,640	6,894,997
Median Age	43.1	37.4	34.8	38.4	38.3
Median Household Income	\$55,623	\$53,133	\$46,213	\$51,656	\$44,621
TennCare Enrollees As a % of Population	15.88%	19.90%	26.71%	25.86%	20.51%
Population Below Poverty level (2014)	14.50%	13.10%	21.30%	16.30%	17.8%

Sources: TDH Population Projection Data Files, TennCare Bureau website

### Historical and Projected Utilization

The historical and projected utilization of Baptist Memorial Hospital's cardiac catheterization services are illustrated in the following table.

**Baptist Memorial Hospital's Historical and Projected Utilization  
Cardiac Catheterization**

	2012	2013	2014	2015	2016	2017 Year 1	2018 Year 2	% Change 12-18
Total Cath Lab Procedures	12,461	11,217	10,201	10,730	10,730	10,730	10,730	-13.9%

Source: CN1512-066

- Cardiac Catheterization utilization is projected to decrease 13.9% from 12,461 total procedures in 2012 to 10,730 cases in 2018.
- The total cardiac catheterization lab procedure projections are anticipated to be relatively consistent at 10,703 from 2015 to 2018 (Year 2).

### Heart and Cardiovascular Mortality Rates

Fayette, Shelby, and Tipton Counties in the proposed service area had a heart and cardiovascular rate lower than the state-wide rate of 226.6 per 100,000 population in 2013 according to the table below.

**Proposed Service Area Heart and Cardiovascular Mortality Rate  
2013**

County/State	Number of Deaths	Rate
State	14,723	226.7
Shelby	1,825	194.3
Tipton	121	196.5
Fayette	79	204.2

Source: Tennessee Department of Health

### **Project Cost**

Major costs of the \$6,109,654 total estimated project cost are as follows:

- Construction costs – combined cost of \$3,164,189.00, including site preparation, architectural/engineering costs, and contingency or approximately 51.8% of total cost.
- Fixed equipment cost of \$2,497,767 or approximately 40.1% of the total project cost.
- Average total construction cost is expected to be \$172.78 per square foot, which is between the 1st quartile cost of \$156.78/SF and median cost of \$227.88/SF and of previously approved hospital projects from 2012-2014.
- For other details on Project Cost, see the Project Cost Chart on page 20 of the application.

### **Historical Data Chart**

- According to the Historical Data Chart, BMH reported decreases in net operating revenue and net operating income before capital expenditures (NOI) from CY2012 to CY2014.
- Net Operating Revenue decreased by approximately 9.6% from \$524,342,565 to \$474,172,864.
- NOI before capital expenditures decreased by approximately 489% from \$8,735,252 in CY2012 to (\$51,468,237) in CY2014. The decrease was a result in additional costs associated with capitalizing a new information system project with additional training for personnel, and subsequent depreciation.

### **Projected Data Chart**

#### **BMH**

BMH as a whole projects \$2,216,837,170.00 in total gross revenue during the first year of operation and \$2,336,766,918 in Year Two. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$7,359,794 in Year One increasing to \$9,854,502 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$539,145,696 or approximately 23.1% of total gross revenue in Year Two.
- Charity care totals \$60,087,489 in Year Two.

#### **Cardiac Catheterization**

The BMH Cardiac Catheterization Department projects \$171,151,439.00 in total gross revenue during the first year of operation and \$176,285,982 in Year Two. The Projected Data Chart reflects the following:

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- Net operating income less capital expenditures for the applicant will equal \$19,105,876 in Year One increasing to \$19,760,176 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$34,757,356 or approximately 19.7% of total gross revenue in Year Two.
- Charity care totals \$4,248,492 in Year Two.

### Charges

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge per case is \$15,951 in 2018.
- The average deduction is \$12,806/case, producing an average net charge of \$3,145/case.

### Payor Mix

- The applicant indicates it has contracts with all three TennCare MCOs available to its service area population: United HealthCare Community Plan (formerly AmeriChoice), BlueCare (including TennCare Select), and AmeriGroup.
- The total hospital projected payor mix includes Medicare, TennCare, Private/Self-pay and Commercial payor sources. The projected gross operating revenue by Medicare, TennCare, Self-Pay and Charity Care is shown in the table.

**Proposed Project Payor Source, Year 1**

Payor Source	Gross Revenue	As a % of Total
Medicare	\$107,301,269	65.83
TennCare	\$6,247,166	3.83%
Self-Pay	\$3,762,768.54	2.31%
Charity Care	\$172,230	0.11%

Source: CN1512-066

### Financing

- A December 14, 2015 letter from the CFO of Baptist Memorial Health Care Corporation stated that funding would be provided through the hospital and BMHCC affiliated entities to support the project.
- Baptist Memorial Hospital unaudited financial statements for the period ending September 30, 2014 indicates \$27,543,464 in cash and cash equivalents, total current assets of \$147,762,420, total current liabilities of \$65,858,422, and a current ratio of 2.24:1.

*Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover*

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*its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

### **Staffing**

If approved, the proposed project will require no additional full time equivalent (FTE) positions. The applicant's proposed direct patient care staffing includes the following:

	FTE
Manager	1.0
Head Nurse	2.90
Registered Nurse	24.32
RN PRN II	0.60
Technologists	14.92
LPNs	1.90
Patient Care Assistant	1.0
<b>Total</b>	<b>46.64</b>

Source: CN1512-066

### **Licensure/Accreditation**

Baptist Memorial Hospital has an active license issued by the Tennessee Department of Health, Division of Health Care Facilities that will expire on September 1, 2016.

BMH is accredited by The Joint Commission with a 36 month certificate cycle beginning June 7, 2014. A copy of the latest accreditation survey is provided in the supplemental response.

*Corporate documentation, real estate warranty deed information, and BMH emergency department policies are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in three years.

### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent for this applicant.

### **Pending Applications**

Baptist Memorial Hospital Satellite ED Lakeland, CN1508-037, has a pending application that will be heard at the February 24, 2016 Agency meeting for the

**BAPTIST MEMORIAL HOSPITAL**

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establishment of a full service, 24 hour per day/7 day per week satellite emergency department to be located at an unnamed street address near the intersection of Highway 64 and Canada Road in Lakeland (Shelby County), Tennessee 38002. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road in Memphis and will have 10 treatment rooms and will provide emergency diagnostic and treatment services. The project does not contain major medical equipment, initiate or discontinue any other health service or affect the hospital's licensed bed complement. The estimated project cost is **\$18,718,029**.

#### Denied Applications

**Baptist Memorial Hospital Satellite ED Memphis, CN1508-036D**, was denied at the November 18, 2015 Agency meeting. The application for the establishment of a full service, 24 hour per day/7 day per week satellite emergency department to be located at an unnamed street address at 655 Quince Road in Memphis (Shelby County), Tennessee 38119. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road in Memphis and will have 12 treatment rooms and will provide emergency diagnostic and treatment services. The project does not contain major medical equipment, initiate or discontinue any other health service or affect the hospital's licensed bed complement. The estimated project cost was projected to be **\$18,457,700**. *Reason for Denial: The application failed to meet the need or orderly development of health care.*

#### Outstanding Certificates of Need

**Baptist Memorial Hospital for Women, CN1211-058A**, has an outstanding Certificate of Need that will expire April 1, 2016. The CON was approved at the February 27, 2013 Agency meeting for the construction of an Emergency Department dedicated for pediatric patients and the initiation of Magnetic Resonance Imaging (MRI) services on the Baptist Women's campus. The project will involve 37,500 square feet of new construction. The project does not involve the addition of beds or any other service for which a Certificate of Need is required. The estimated project cost is **\$14,105,241.00**. *Project Status: An e-mail dated February 5, 2016 from Arthur Maples, Director of Strategic Analysis, Baptist Memorial Healthcare Corporation confirmed the project has been completed with a Final Project Report pending.*

*Note: Baptist Memorial Health Care Corporation of Memphis, Tennessee (BMHC) has financial interests in this project. BMHC has no other Letters of Intent, pending or denied applications.*

Outstanding Certificates of Need

**Baptist Medical Group, CN1503-010A**, has a Certificate of Need that will expire on September 1, 2017. The project was approved at the June 24, 2015 Agency meeting for the initiation of magnetic resonance imaging (MRI) services and is, in effect, a change in ownership and operational management of the existing MRI service approved in Memphis Rehab Associates, L.P. d/b/a Baptist Rehabilitation-Germantown, CN9812-084A (hospital). Other than the transfer of operation of the MRI service from the hospital to the applicant medical group, the project will not change the location of the existing MRI unit, add any new medical equipment or services requiring CON approval, or change the ownership of the land, building or the MRI unit since both the applicant and the hospital are wholly owned subsidiaries of Baptist Memorial Health Care Corporation. As confirmed by the applicant, Baptist Rehabilitation-Germantown will voluntarily surrender CN9812-084A once the MRI service is initiated by Baptist Medical Group. The estimated project cost is \$1,262,000. *Project Status: An e-mail dated February 5, 2016 from Arthur Maples, Director of Strategic Analysis, Baptist Memorial Healthcare Corporation confirmed the project has been completed with a Final Project Report pending.*

**Baptist Memorial Hospital-Tipton d/b/a Baptist Center for Cancer Care, CN1211-057A** has an outstanding Certificate of Need that will expire April 1, 2016. The CON was approved at the February 27, 2013 Agency meeting for the relocation of Baptist Center for Cancer Care (BCCC) from its approved site at 1238 and 1280 South Germantown Parkway, Germantown (Shelby County), TN 38138 to the building known as The Shops of Humphreys Center at 50 Humphreys Boulevard, Memphis (Shelby County), TN 38120. The proposed new location also includes space conveniently located in nearby buildings at 80 Humphreys Center and 6029 Walnut Grove Road. The Cancer Center project includes the relocation of a positron emission tomography (PET/CT) unit, initiation of linear accelerator services, and acquisition of major medical equipment and related assets currently owned and operated by Baptist Memorial Hospital-Memphis (BMHM). The project involves relocating from BMHM two (2) linear accelerators and other radiation oncology equipment along with the CyberKnife linear accelerator. One (1) of the existing linear accelerators to be relocated from BMHM will be replaced when installed at the BCCC. The PET/CT unit to be relocated to BCCC will be a replacement of the BMHT PET/CT currently located at 1945 Wolf River Blvd., Germantown (Shelby County), TN 38138. The hospital total Cancer Center space is approximately 153,200 square feet. The project does not involve the addition of beds or any service for which a Certificate of Need is required. The estimated project cost is \$84,834,200.00. *Project Status: per November 3, 2015 update received from Arthur Maples, Director of Strategic Analysis, the project remains in progress from the last e-mail update (June 2015 update) with completion expected by March 2016, one month prior to the April 2016 expiration date. The renovation of the Thoracic Clinic has been completed and was approved*

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*for occupancy by TDH on May 1, 2014. Space for clerical, administrative and support functions has been leased in a building at the 80 Humphreys Center located close to the new location of the facility. As a result of these project staging phases, construction on the new cancer center is now in progress and nearing completion.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME  
(02/08/2016)

# **LETTER OF INTENT**



## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby and other counties in, Tennessee, on or before December 10, 2015,  
(County) (Month / day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Baptist Memorial Hospital, a Corporation owned by itself, intends to file an application for a Certificate of Need for the renovation and equipment upgrade of the cardiovascular catheterization lab area operated by Baptist Memorial Hospital at 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120. This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. The total project cost for purposes of the certificate of need application is estimated at \$6,109,654.

The anticipated date of filing the application is: December 15, 2015

The contact person for this project is Arthur Maples Director Regulatory Planning & Policy  
(Contact Name) (Title)

who may be reached at: Baptist Memorial Health Care Corporation 350 N Humphreys Blvd  
(Company Name) (Address)

Memphis TN 38120 901 / 227-4137  
(City) (State) (Zip Code) (Area Code / Phone Number)

Arthur Maples  
(Signature)

12/9/2015  
(Date)

arthur.maples@bmhcc.org  
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address: **Health Services and Development Agency**

**Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**Copy**

**Baptist**  
**Memorial**  
**Hospital**

**CN1512-066**

## BAPTIST MEMORIAL HEALTH CARE CORPORATION

December 16, 2015

Melanie Hill, Executive Director  
Health Services and Development Agency  
502 Dead Erick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

RE: Request to place CON application on Consent Calendar

Dear Ms. Hill,

Yesterday, Baptist Memorial Hospital- Memphis submitted an application to renovate the existing cardiac catheterization space at the hospital. As part of the renovation, some of the catheterization equipment that is beyond operational lifetime is proposed to be replaced. The hospital was prepared to proceed as a simple renovation project but the total cost, including both renovation and equipment with contingencies and fees, is slightly above the CON threshold. The CON total amount is approximately \$6.1 million.

The project does not add capacity or change the health services that are provided, no major medical equipment or equipment that is monitored by the HSDA is involved and the cost is only modestly above the threshold requirement. Baptist respectfully requests that the application be considered for the consent calendar.

Please let me know if you need additional information. We appreciate your consideration.

Sincerely,



Arthur Maples  
Director Regulatory Planning & Policy

cc Randy King  
Dan Elrod

**CERTIFICATE OF NEED  
APPLICATION**

**CARDIAC CATHETERIZATION LAB  
RENOVATION  
at  
6019 WALNUT GROVE RD, MEMPHIS**

**BAPTIST MEMORIAL HOSPITAL  
DECEMBER 2015**



**December 23, 2015****11:46 am**

<b>1. <u>Name of Facility, Agency, or Institution</u></b>			
<u>Baptist Memorial Hospital</u> Name <u>6019 Walnut Grove Road</u> Street or Route <u>Memphis</u> City			
<u>TN</u> State		<u>Shelby</u> County <u>38120</u> Zip Code	
<b>2. <u>Contact Person Available for Responses to Questions</u></b>			
<u>Arthur Maples</u> Name <u>Baptist Memorial Health Care Corporation</u> Company Name <u>350 N. Humphreys Blvd</u> Street or Route <u>Employee</u> Association with Owner		<u>Dir. Strategic Analysis</u> Title <u>Arthur.Maples@bmhcc.org</u> Email address <u>Memphis</u> City <u>901-227-4137</u> Phone Number	
<u>TN</u> State		<u>38120</u> Zip Code <u>901-227-5004</u> Fax Number	
<b>3. <u>Owner of the Facility, Agency or Institution</u></b>			
<u>Baptist Memorial Hospital</u> Name <u>6019 Walnut Grove Road</u> Street or Route <u>Memphis</u> City		<u>(901) 226-5000</u> Phone Number <u>Shelby</u> County <u>38120</u> Zip Code	
<u>TN</u> State			
<b>4. <u>Type of Ownership of Control (Check One)</u></b>			
A. Sole Proprietorship _____ B. Partnership _____ C. Limited Partnership _____ D. Corporation (For Profit) _____ E. Corporation (Not-for-Profit) <u>X</u>		F. Government (State of TN or _____ Political Subdivision) G. Joint Venture _____ H. Limited Liability Company _____ I. Other (Specify) _____	

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

5. **Name of Management/Operating Entity (If Applicable)**

N/A  
 Name \_\_\_\_\_  
 Street or Route \_\_\_\_\_ County \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

- A. Ownership   X   D. Option to Lease \_\_\_\_\_  
 B. Option to Purchase \_\_\_\_\_ E. Other (Specify) \_\_\_\_\_  
 C. Lease of \_\_\_\_\_ Years \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- |  |                                       |
|--|---------------------------------------|
| A. Hospital(Specify)General Acute <u>  X  </u> | I. Nursing Home _____                 |
| B. Ambulatory Surgical Treatment _____         | J. Outpatient Diagnostic Center _____ |
| Center (ASTC), Multi-Specialty _____           | K. Recuperation Center _____          |
| C. ASTC, Single Specialty _____                | L. Rehabilitation Facility _____      |
| D. Home Health Agency _____                    | M. Residential Hospice _____          |
| E. Hospice _____                               | N. Non-Residential Methadone _____    |
| F. Mental Health Hospital _____                | Facility _____                        |
| G. Mental Health Residential _____             | O. Birthing Center _____              |
| Treatment Facility _____                       | P. Other Outpatient Facility _____    |
| H. Mental Retardation Institutional _____      | (Specify) _____                       |
| Habilitation Facility (ICF/MR) _____           | Q. Other (Specifv) _____              |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- |  |  |
|--|--|
| A. New Institution _____                       | G. Change in Bed Complement _____                  |
| B. Replacement/Existing Facility _____         | [Please note the type of change                    |
| C. Modification/Existing Facility <u>  X  </u> | by underlining the appropriate                     |
| D. Initiation of Health Care _____             | response: Increase, Decrease,                      |
| Service as defined in TCA § _____              | Designation, Distribution,                         |
| 68-11-1607(4) _____                            | Conversion, Relocation]                            |
| (Specify) _____                                | H. Change of Location _____                        |
| E. Discontinuance of OB Services _____         | I. Other <u>Equipment replacement</u> <u>  X  </u> |
| F. Acquisition of Equipment _____              | _____  |

**December 23, 2015****11:46 am****9. Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Licensed</u>	<u>Beds *CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	<u>626</u>	<u>      </u>	<u>477</u>	<u>      </u>	<u>626</u>
B. Surgical	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
C. Long-Term Care Hospital	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
D. Obstetrical	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
E. ICU/CCU	<u>80</u>	<u>      </u>	<u>72</u>	<u>      </u>	<u>80</u>
F. Neonatal	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
G. Pediatric	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
H. Adult Psychiatric	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
I. Geriatric Psychiatric	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
J. Child/Adolescent Psychiatric	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
K. Rehabilitation	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
L. Nursing Facility (non-Medicaid Certified)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
M. Nursing Facility Level 1 (Medicaid only)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
N. Nursing Facility Level 2 (Medicare only)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
P. ICF/MR	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Q. Adult Chemical Dependency	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
R. Child and Adolescent Chemical Dependency	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
S. Swing Beds	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
T. Mental Health Residential Treatment	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
U. Residential Hospice	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>TOTAL</b>	<b><u>706</u></b>	<b><u>      </u></b>	<b><u>549</u></b>	<b><u>      </u></b>	<b><u>706</u></b>

10. Medicare Provider Number 44-0048  
Certification Type Hospital

11. Medicaid Provider Number 0440048  
Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? yes        If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

Baptist participates with all three MCOs and TennCare Select.  
Volunteer State Health Plan – Blue Cross Blue Shield of TN BlueCare  
Amerigroup Community Care  
United Healthcare Plan of the River Valley – United Healthcare Community Plan

**NOTE:** *Section B* is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. *Section C* addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

**Response:**

Baptist Memorial Hospital-Memphis (BMHM) is proposing to renovate the existing area that houses 5 cardiac catheterization (cath) labs on the concourse floor of the main hospital building. The pre and post cath lab area that is located in close proximity will not be altered. Another cath lab that is primarily used for outpatients on a different floor is not involved in this project.

The renovation will bring the cath labs into compliance with the current health facility guidelines. The functional program requirements will be sustainable in a pleasant effective setting. Cath labs are in the category of Interventional Imaging suite with the following definition.

**Interventional imaging suite:** A space in the unrestricted area of the building that contains semi-restricted and restricted areas, to which access is restricted to persons wearing proper attire, and that includes peripheral support areas where diagnostic and therapeutic procedures such as cardiac catheterization, electrophysiology, interventional angiography, cardiac stenting, or implantation of devices are performed.

The definition of Restricted area is: a designated space in the semi-restricted area of the suite that can only be accessed through a semi-restricted area. The restricted access is primarily intended to support a high level of asepsis control, not necessarily for security purposes. Traffic in the restricted area is limited to authorized personnel and patients. Personnel in restricted areas are required to wear surgical attire and cover head and facial hair. Masks are required where open sterile supplies or scrubbed persons may be located.

The definition of a Semi-restricted area is: Peripheral support areas surrounding the restricted area of the suite (e.g., storage areas for clean and sterile supplies, sterile processing rooms, scrub stations,

corridors leading to the restricted area.

In addition to allowing the division of the cath lab area into semi-restricted and restricted areas, the project will resize cath labs as required to meet the current guideline requirements. General interventional imaging room size requirements are that the procedure room is large enough to accommodate required equipment and clearances in accordance with the manufacturer's technical specifications, and (1) The procedure room shall have a minimum clear dimension of 18 feet (5.49 meters), and (2) the procedure room shall be sized to allow a minimum clearance of 4 feet (122 centimeters) on all sides of the gantry assembly or table.

The environment will be protected by updating the ventilation system by replacing air handling equipment. Environment is essential for effective patient care and a sustainable work environment that is desirable, pleasant and efficient.

To allow operation of the cath labs to continue during the renovation, the project will be completed in five phases over approximately 18 months after commencement. Each phase will require construction of appropriate construction barriers to protect the integrity and cleanliness of the patient service area.

In addition to the renovation of the building, new cath lab equipment will replace aging units acquired more than 10 years ago that are reaching the end of useful operation. New Siemens Artis Q Ceiling BC Combo Cardiology /Radiology Equipment will be installed in 2 rooms. The equipment is capable of peripheral vascular as well as cardiology imaging. Peripheral vascular catheterization is a growing service.

None of the equipment being replaced is major medical equipment defined as having a cost greater than \$2 million.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response:

Although the renovation cost for this hospital project is less than \$5 million, the following square footage chart was completed for reference. The project involves approximately 14,776 gross square feet (sq. ft.) in renovation which includes 7,728 sq. ft. for replacing an air handler that is mechanical. Combining all areas gives \$171.83 as cost per sq. ft.

The project will be completed in phases to allow the area to continue to operate during renovation.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response:

N/A Changes in beds are not part of this project proposal.



C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response

N/A This project does not initiate any new service. The Cath Lab Service has been in operation for more than 30 years and is a mature program.

D. Describe the need to change location or replace an existing facility.

Response

N/A

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$2.0 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

Response

N/A Major medical and other identified equipment listed above are not involved in this project.

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:



1. Total cost ;(As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; Scans Include:
4. Documentation of FDA approval

b. Provide current and proposed schedules of operations.

2. For mobile major medical equipment:

Response

N/A Major medical and other identified equipment listed above are not involved in this project.

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response

N/A Major medical and other identified equipment listed above are not involved in this project.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (*in acres*); The hospital campus is on 50 acres.
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Response:

A copy of the plot plan is Attached showing the size, location of renovation and streets bordering the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response:

Public transportation is available by bus with access in front of the hospital on Walnut Grove Road. The site is immediately accessible from a thoroughfare that intersects with I240 as shown in the plot plan.

## IV.

Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

Response:

A floor plan is attached indicating cath lab locations and phases

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

## V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Response

N/A A Home Health Agency or Hospice is not involved in this project.

**SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## QUESTIONS

### NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Response:

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Response:

This project does not involve adding beds, services or medical equipment. It is a renovation project for an existing service involving replacement equipment. The CON requirement is due to the combination of costs for renovation and replacement that exceed the \$5 million cost threshold that triggers a need for CON. After discussion with staff at the HSDA and Department of Health the project is being submitted for capital expenditure exceeding \$5 million for renovation of an existing service. The cardiac catheterization services criteria are not applicable to this project since no new services are being added to the cath lab services that are already offered.

2. For relocation or replacement of an existing licensed health care institution:

Response:

N/A This project involves multiple phases to renovate the same area currently used by the Cath Lab. Relocation or replacement is not involved.

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

3. For renovation or expansions of an existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

Response

The continuing utilization of the Cath Lab indicates demand for continuing the service as explained below.

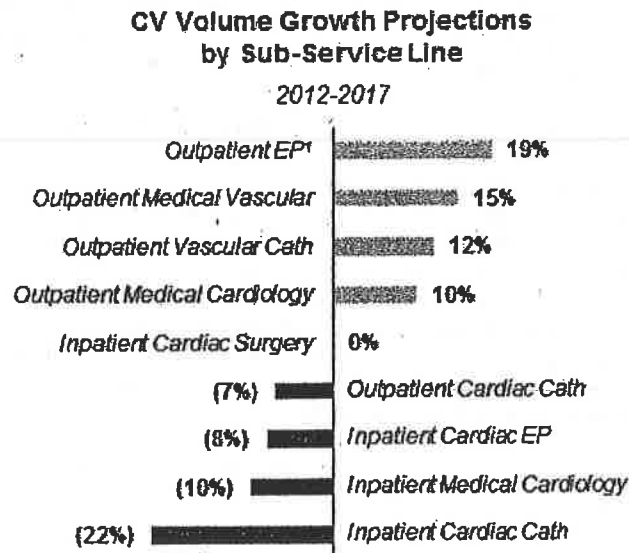
- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

**Response:**

BMHM is a thriving tertiary care hospital. This renovation proposal is due to changes in facility guidelines and the normal replacement requirements for aging equipment. If a single piece of equipment had been in the Major Medical equipment category, it could have been replaced without a CON which would have lowered the cost of the entire project below the threshold level.

**Existing Need for Cath Lab Service at BMH-Memphis**

BMHM operates a mature, thriving Cardiac Catheterization Services program. Current utilization is reflective of National trends. The following Chart of CV Volume Growth projections came from the Health Care Advisory Board.



Source: The Advisory Board's Inpatient and Outpatient Medical  
Catheterization, Advisory Board Research and Analysis.

Due to Drug Eluting Stents and other advancements in the field, the chart indicates a declining trend in Outpatient and Inpatient cardiac cath volume. Below is a Table showing procedures from the 2012, 2013 and 2014 Joint Annual Report categories for BMH Memphis. A decrease in the number of inpatient and outpatient Caths on the top row appears to be consistent with the Advisory Board prediction. However, PTCA and Stents do not appear to be decreasing at the same rate and the number of All Other Non-Cardiac procedures that are done in the Cath Lab is substantial.

BMH-MEMPHIS	2012	2013	2014
Intra-Cardiac or Coronary Artery	6,820	5,652	4,160
PTCA	1,443	1,340	1,485
Stents	1,383	1,293	1,517
All Other Non Cardiac	1,502	1,612	1,403

Discussion of this proposal toward implementation of the 5 Principals for Achieving Better Health found in the State Health Plan.

#### 1. Healthy Lives

*The purpose of the State Health Plan is to improve the health of Tennesseans:*

Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

##### Response:

The proposed project is to maintain an existing service that can serve to diagnose and treat potentially life-threatening cardiac problems essential for personal health and contribution to society at many levels.

#### 6. Access to Care

*Every citizen should have reasonable access to health care.*

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

##### Response:

Access to cardiac and peripheral vascular care will be sustained by continuing to provide cardiac catheterization services in a state-of-art environment.

#### 7. Economic Efficiencies

*The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.* The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

Response:

Enhancing the operational system efficiencies with new equipment in an efficiently functional work environment will maintain the state's healthcare system at a high level.

8. Quality of Care

*Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.* Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

Response:

Improvements in the operational capabilities with updated equipment in a productive and safe environment that is consistent with recommended health guidelines will support high standards for quality health care.

9. Health Care Workforce

*The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.* The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

Response:

This project includes healthcare professionals who are dedicated to providing high quality cath lab services. The proposed renovation and equipment upgrade will support the effective performance of dedicated professionals who are experienced.

- c. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response:

N/A this is an improvement to an existing site of service.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response:

This project is consistent with continuing to provide the highest quality of services for the patient communities served. BMHM is dedicated to service with quality and safety while meeting patients' service expectations.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

**Response:**

A county level map attachment is marked to show Shelby, Fayette and Tipton counties in Tennessee as the primary service area based on patient origin.

4. A. Describe the demographics of the population to be served by this proposal.

**Response:**

Demographics of the county service area are provided below

	Shelby County	Tennessee
Population, 2014 estimate	938,803	6,549,352
Population, 2010 (April 1) estimates base	927,640	6,346,275
Population, percent change - April 1, 2010 to July 1, 2014	1.20%	3.20%
Population, 2010	927,644	6,346,105
Persons under 5 years, percent, 2014	7.20%	6.10%
Persons under 18 years, percent, 2014	25.50%	22.80%
Persons 65 years and over, percent, 2014	11.60%	15.10%
Female persons, percent, 2014	52.40%	51.30%

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:**

The cardiac cath lab is instrumental in diagnosing and treating heart disease. Diseases of the heart are the number one cause of death in Tennessee and the U.S. The majority of deaths due to diseases of the heart are the result of coronary heart disease.

The age-adjusted death rates for both heart disease and stroke were

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higher among black Tennesseans than among white Tennesseans (heart disease: 322 per 100,000 persons for blacks and 246 per 100,000 persons for whites in 2004; Stroke: 86 per 100,000 for blacks and 60 per 100,000 for whites in 2004). (Policy, Planning and Assessment, Tennessee Department of Health)

Heart disease and stroke age-adjusted death rates in Tennessee were also higher among men than among women (heart disease: 320 per 100,000 for men and 205 per 100,000 persons for women in 2004; Stroke: 66 per 100,000 for men and 61 per 100,000 for women in 2004). (Policy, Planning and Assessment, Tennessee Department of Health)

Nearly 70,000 Tennesseans were hospitalized for diseases of the heart (primary diagnosis) in 2002 (The Burden of Heart Disease and Stroke in Tennessee, 2006) Inpatient charges associated with diseases of the heart increased from \$1.2 billion in 1997 (2002 constant dollars) to \$2.1 billion in 2002, a 73% of increase. (The Burden of Heart Disease and Stroke in Tennessee, 2006) -

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response**

The applicant is not aware of any outstanding projects regarding Cardiac Cath Labs. The following table indicates procedures of Cath Labs in Shelby County Hospitals based on JARs. Baptist Memphis 2014 numbers have been updated for purposes of CON.

	2011	2012	2013	2014	Grand Total
<b>Baptist Memphis</b>	<b>15651</b>	<b>15730</b>	<b>14102</b>	<b>13681</b>	<b>59164</b>
All Other Heart	3994	3698	3441	4290	15423
All Other Non Cardiac	1152	1502	1612	1403	5669
Intra-Cardiac or Coronary Artery	6760	6820	5652	4160	23392
PTCA	1540	1443	1340	1485	5808
Stents	1470	1383	1293	1517	5663
Thrombolytic Therapy	735	884	764	826	3209
<b>Lebonheur-Adult</b>	<b>145</b>	<b>170</b>	<b>178</b>	<b>217</b>	<b>710</b>
All Other Heart	41	33	44	51	169



All Other Non Cardiac	82	76	106	109	373
Intra-Cardiac or Coronary Artery	22	61	28	50	161
PTCA	0	0	0	1	1
Stents	0	0	0	6	6
Thrombolytic Therapy	0	0	0	0	0
<b>Lebonheur-Peds</b>	<b>530</b>	<b>553</b>	<b>589</b>	<b>624</b>	<b>2296</b>
All Other Heart	105	104	115	70	394
All Other Non Cardiac	283	275	316	305	1179
Intra-Cardiac or Coronary Artery	142	174	158	212	686
PTCA	0	0	0	0	0
Stents	0	0	0	32	32
Thrombolytic Therapy	0	0	0	5	5
<b>Methodist Germantown</b>	<b>5874</b>	<b>5517</b>	<b>3639</b>	<b>5142</b>	<b>20172</b>
All Other Heart	2219	1978	1184	1750	7131
All Other Non Cardiac	1145	959	616	758	3478
Intra-Cardiac or Coronary Artery	1911	2019	1450	1966	7346
PTCA	54	55	4	74	187
Stents	545	506	385	594	2030
Thrombolytic Therapy	0	0	0	0	0
<b>Methodist North</b>	<b>4940</b>	<b>4791</b>	<b>2860</b>	<b>3815</b>	<b>16406</b>
All Other Heart	1269	973	248	294	2784
All Other Non Cardiac	1599	1510	768	1047	4924
Intra-Cardiac or Coronary Artery	1535	1698	1313	1719	6265
PTCA	73	66	1	82	222
Stents	464	544	527	673	2208
Thrombolytic Therapy	0	0	3	0	3
<b>Methodist South</b>	<b>1216</b>	<b>1156</b>	<b>1577</b>	<b>3110</b>	<b>7059</b>
All Other Heart	148	155	64	85	452
All Other Non Cardiac	103	43	709	2046	2901
Intra-Cardiac or Coronary Artery	735	715	579	714	2743
PTCA	44	35	17	31	127
Stents	186	208	205	234	833
Thrombolytic Therapy	0	0	3	0	3
<b>Methodist University</b>	<b>11831</b>	<b>10749</b>	<b>6232</b>	<b>24531</b>	<b>53343</b>
All Other Heart	2500	1709	979	19117?	24305
All Other Non Cardiac	4923	4913	2258	2561	14655
Intra-Cardiac or Coronary Artery	2968	2920	2239	2032	10159
PTCA	240	228	9	93	570
Stents	1200	979	732	728	3639
Thrombolytic Therapy	0	0	15	0	15
<b>Regional Med</b>	<b>1084</b>	<b>1671</b>	<b>632</b>	<b>404</b>	<b>3791</b>
All Other Heart	75	318	493	147	1033
All Other Non Cardiac	279	797	3	10	1089

Intra-Cardiac or Coronary Artery	722	542	111	202	1577
PTCA	0	0	11	1	12
Stents	8	14	14	44	80
Thrombolytic Therapy	0	0	0	0	0
<b>St Francis</b>	<b>4643</b>	<b>4031</b>	<b>3999</b>	<b>3742</b>	<b>16415</b>
All Other Heart	1571	918	892	852	4233
All Other Non Cardiac	1297	1294	1207	971	4769
Intra-Cardiac or Coronary Artery	1289	1303	1345	1414	5351
PTCA	31	31	47	42	151
Stents	448	481	505	455	1889
Thrombolytic Therapy	7	4	3	8	22
<b>St Francis-Bartlett</b>	<b>586</b>	<b>836</b>	<b>835</b>	<b>1167</b>	<b>3424</b>
All Other Heart	40	55	131	155	381
All Other Non Cardiac	247	384	237	221	1089
Intra-Cardiac or Coronary Artery	299	349	350	469	1467
PTCA	0	23	55	159	237
Stents	0	22	59	152	233
Thrombolytic Therapy	0	3	3	11	17
<b>Grand Total</b>	<b>46500</b>	<b>45204</b>	<b>34643</b>	<b>56433</b>	<b>182780</b>

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions

Response:

Utilization is based on the number of procedures trended forward. The projections from 2016 forward are anticipated to be relatively consistent.

Year	2012	2013	2014	2015	2016	2017	2018
JAR Procedures	15730	14102	13681				
Cardiac Cath Lab Procedures	12461	11217	10201	10730	10730	10730	10730

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

Response

The Chart has been completed on the following page. The CON filing fee has been calculated from Line D to be \$13,716.

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment

leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Response

The Chart has been completed on the following page.

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Response

The equipment cost is \$2,916,749. Major fixed equipment items are not part of the project.

- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response

The Chart has been completed on the following page

	<u>Equipment costing more than \$50,000 per unit</u>	<u>Units</u>	<u>Unit Charge</u>	<u>Total</u>
Volcano		2	99,800	199,600
Artis Q Cardiology w combined Interventional rad		1	1,228,442	1,228,442
Artis Q Cardiology w combined Interventional rad		1	1,200,721	1,200,721
<b>TOTAL</b>				<b>2,628,763</b>

## PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	143,610
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	15,000
3. Acquisition of Site	0
4. Preparation of Site	0
5. Construction Costs(Renovation)	2,501,135
6. Contingency Fund	519,444
7. Fixed Equipment (not included in Construction Contract)	2,497,767
8. Moveable Equipment (List all equipment over \$50,000)	418,982
9. Other (Specify) _____	
B. Acquisition by gift, donation, or lease:	
1. Facility (inclusive of building and land)	0
2. Building only	0
3. Land only	0
4. Equipment (Specify) _____	0
5. Other (Specify) _____	0
C. Financing Costs and Fees:	
1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify) _____	0
D. Estimated Project Cost (A + B + C)	\$ 6,095,938
E. CON Filing Fee	\$ 13,716
F. Total Estimated Project Cost (D + E)	
TOTAL	\$ 6,109,654

## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A. Commercial loan—Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds—Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants—Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves—Appropriate documentation from Chief Financial Officer.
- ☐ F. Other—Identify and document funding from all other sources.

## 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response:

The estimated construction cost of the cath lab suite is \$171.83 per sq. foot. The cost appears to be reasonable based on the HSDA's construction cost per square foot chart for renovated construction. It is between the 1<sup>st</sup> and 2<sup>nd</sup> Quartile as indicated in the Table below.

Hospital Construction Cost Per Square Foot			
Years: 2012 – 2014		New	Total
Renovated		Construction	Construction
Construction			
1 <sup>st</sup> Quartile	\$110.98/sq ft	\$224.09/sq ft	\$156.78/sq ft
Median	\$192.46/sq ft	\$259.66/sq ft	\$227.88/sq ft
3 <sup>rd</sup> Quartile	\$297.82/sq ft	\$296.52/sq ft	\$298.66/sq ft

The 2 recent catheterization applications reviewed by the HSDA did not involve comparable renovation. Both Erlanger East CN1502-005 and Dyersburg Regional Medical Center CN1403-007 involved adding miscellaneous clinical equipment with no renovation.

Since comparable projects are not available, the comparison will rely on the Hospital Construction Cost per Square Foot provided in the HSDA Applicant's Toolbox. Also the letter from the architect verifies that the project cost is reasonable.

4. Complete Historical and Projected Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**Response:**

The Historical Data Chart for the hospital has been completed for the last 3 years available fiscal years (2013-2015) for operations at Baptist Memorial Hospital- Memphis.

The Projected Data Chart has been completed for the cath lab for the first 2 full years following project completion.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**Response:**

The projected data chart is completed for the cath lab.

Per Procedure	Year 1	Year 2
Gross Charge	\$15,181	\$15,940
Average Deduction	\$11,892	\$12,646
Average Net Charge	\$3,289	\$3,294

## HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in OCT (Month)

	Year 2012	Year 2013	Year 2014
	25,440	24,509	24,737
A. Utilization Data ( Discharges )			
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 1,168,575,509	\$ 1,281,308,906	\$ 1,294,127,663
2. Outpatient Services	\$ 561,989,211	\$ 618,546,518	\$ 654,272,669
3. Emergency Services	\$ 50,145,402	\$ 60,656,034	\$ 62,003,106
4. Other Operating Revenue (specify) <u>cafeteria, gift shop, etc.</u>	\$ 16,024,049	\$ 16,994,124	\$ 16,698,984
<b>Gross Operating Revenue</b>	<b>\$ 1,796,734,170</b>	<b>\$ 1,977,505,582</b>	<b>\$ 2,027,102,422</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 1,172,840,209	\$ 1,355,368,474	\$ 1,424,742,936
2. Provision for Charity Care	\$ 42,466,417	\$ 54,521,298	\$ 54,578,785
3. Provision for Bad Debt	\$ 57,084,980	\$ 63,313,739	\$ 73,607,837
<b>Total Deductions</b>	<b>\$ 1,272,391,605</b>	<b>\$ 1,473,203,512</b>	<b>\$ 1,552,929,558</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 524,342,565</b>	<b>\$ 504,302,070</b>	<b>\$ 474,172,864</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 209,291,052	\$ 201,394,665	\$ 196,930,371
2. Physician's Salaries and Wages			
3. Supplies	\$ 135,564,667	\$ 136,328,976	\$ 131,176,151
4. Taxes	\$ 1,369,438	\$ 1,355,226	\$ 1,817,757
5. Depreciation	\$ 24,031,334	\$ 23,237,042	\$ 23,276,262
6. Rent	\$ 956,752	\$ 1,059,939	\$ 1,073,096
7. Interest, other than Capital	\$ 539	\$ 490	\$ 490
8. Management Fees:			
a. Fees to Affiliates	\$ 52,278,908	\$ 59,039,856	\$ 77,132,582
b. Fees to Non-Affiliates			
9. Other Expenses (Specify on separate page)	\$ 83,426,115	\$ 72,962,996	\$ 83,535,327
<b>Total Operating Expenses</b>	<b>\$ 506,918,804</b>	<b>\$ 495,379,188</b>	<b>\$ 514,942,035</b>
E. Other Revenue (Expenses) - Net (Specify)	\$ 7,395,042	\$ 9,193,074	\$ 7,121,399
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 24,818,802</b>	<b>\$ 18,115,956</b>	<b>\$ (33,647,773)</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ 15,235,000	\$ 16,100,000	\$ 17,170,000
2. Interest	\$ 848,550	\$ 763,707	\$ 650,464
<b>Total Capital Expenditures</b>	<b>\$ 16,083,550</b>	<b>\$ 16,863,707</b>	<b>\$ 17,820,464</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 8,735,252</b>	<b>\$ 1,252,249</b>	<b>\$ (51,468,237)</b>

## HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 2012</u>	<u>Year 2013</u>	<u>Year 2014</u>
Purchased Services	\$ 14,696,553	\$ 12,203,028	\$ 11,104,823
Insurance Expense	\$ 3,611,030	\$ (1,831,936)	\$ 255,733
Utilities	\$ 5,955,675	\$ 5,792,233	\$ 5,726,739
Repairs and Maintenance	\$ 9,128,336	\$ 10,536,853	\$ 10,332,941
Professional Fees:	\$ 23,624,629	\$ 24,106,987	\$ 26,355,046
Medicaid Assessment	\$ 22,240,519	\$ 15,178,966	\$ 12,473,573
Misc	\$ 4,169,373	\$ 6,976,863	\$ 7,011,151
Loss on Asset Impairment			\$ 10,275,321
<b>Total Other Expenses</b>	<b>\$ 83,426,115</b>	<b>\$ 72,962,996</b>	<b>\$ 83,535,327</b>



## HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in OCT (Month)

	Year 2012	Year 2013	Year 2014	Year 2015
A. Utilization Data ( procedures)	12,461	11,217	10,201	10,730
B. Revenue from Services to Patients				
1. Inpatient Services	\$ 58,814,101	\$ 68,025,573	\$ 59,711,476	\$ 67,724,737
2. Outpatient Services	\$ 65,800,279	\$ 74,754,250	\$ 80,478,744	\$ 84,313,826
3. Emergency Services				
4. Other Operating Revenue (revenue from affiliates)_	\$ 633,551	\$ 279,756	\$ 206,434	\$ 94,920
<b>Gross Operating Revenue</b>	<b>\$ 125,247,931</b>	<b>\$ 143,059,579</b>	<b>\$ 140,396,654</b>	<b>\$ 152,133,483</b>
C. Deductions from Gross Operating Revenue				
1. Contractual Adjustments	\$ 84,429,630	\$ 100,127,399	\$ 99,864,140	\$ 110,783,602
2. Provision for Charity Care	\$ 2,986,916	\$ 3,978,449	\$ 3,811,513	\$ 4,085,087
3. Provision for Bad Debt	\$ 4,015,120	\$ 4,620,038	\$ 5,140,408	\$ 3,793,052
<b>Total Deductions</b>	<b>\$ 91,431,666</b>	<b>\$ 108,725,886</b>	<b>\$ 108,816,061</b>	<b>\$ 118,661,742</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 33,816,265</b>	<b>\$ 34,333,693</b>	<b>\$ 31,580,593</b>	<b>\$ 33,471,741</b>
D. Operating Expenses				
1. Salaries and Wages	\$ 4,467,115	\$ 4,522,219	\$ 4,213,433	\$ 4,369,970
2. Physician's Salaries and Wages				
3. Supplies	\$ 8,712,794	\$ 8,342,278	\$ 6,220,933	\$ 7,167,312
4. Taxes				
5. Depreciation	\$ 1,370,415	\$ 1,386,528	\$ 1,473,587	\$ 1,246,869
6. Rent	\$ 246,731	\$ 194,608	\$ 220,916	\$ 229,523
7. Interest, other than Capital				
8. Management Fees:				
a. Fees to Affiliates				
b. Fees to Non-Affiliates				
9. Other Expenses (Specify on separate page)	\$ 861,613	\$ 727,402	\$ 654,786	\$ 528,361
<b>Total Operating Expenses</b>	<b>\$ 15,658,668</b>	<b>\$ 15,173,035</b>	<b>\$ 12,783,655</b>	<b>\$ 13,542,035</b>
E. Other Revenue (Expenses) - Net (Specify)				
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 18,157,597</b>	<b>\$ 19,160,659</b>	<b>\$ 18,796,938</b>	<b>\$ 19,929,706</b>
F. Capital Expenditures				
1. Retirement of Principal				
2. Interest				
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>				
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 18,157,597</b>	<b>\$ 19,160,659</b>	<b>\$ 18,796,938</b>	<b>\$ 19,929,706</b>



**PROJECTED DATA CHART****BMH-Memphis**

Give information for the last two (2) years following the completion of this proposal.

The fiscal year begins in October (Month)

	Year 2015 25,800	Year 2016 27,070
A. Utilization Data ( Discharges)		
B. Revenue from Services to Patients		
1. Inpatient Services	\$ 1,405,455,909	\$ 1,488,108,451
2. Outpatient Services	\$ 678,296,168	\$ 708,766,260
3. Emergency Services	\$ 118,670,517	\$ 123,866,665
4. Other Operating Revenue (specify) <u>cafeteria etc.</u>	\$ 14,414,576	\$ 16,025,542
<b>Gross Operating Revenue</b>	<b>\$ 2,216,837,170</b>	<b>\$ 2,336,766,918</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 1,596,748,468	\$ 1,677,216,412
2. Provision for Charity Care	\$ 59,139,434	\$ 60,087,489
3. Provision for Bad Debt	\$ 54,911,673	\$ 60,317,321
<b>Total Deductions</b>	<b>\$ 1,710,799,575</b>	<b>\$ 1,797,621,222</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 506,037,595</b>	<b>\$ 539,145,696</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 187,782,456	\$ 198,568,903
2. Physician's Salaries and Wages		
3. Supplies	\$ 142,906,881	\$ 141,135,570
4. Taxes	\$ 1,607,440	\$ 1,548,462
5. Depreciation	\$ 22,496,920	\$ 22,696,636
6. Rent	\$ 1,126,908	\$ 1,154,093
7. Interest, other than Capital	\$ 490	\$ 490
8. Management Fees:		
a. Fees to Affiliates	\$ 63,216,120	\$ 73,003,980
b. Fees to Non-Affiliates		
9. Other Expenses (Specify on separate page)	\$ 72,317,160	\$ 77,441,677
<b>Total Operating Expenses</b>	<b>\$ 491,454,375</b>	<b>\$ 515,549,810</b>
E. Other Revenue (Expenses ) - Net (Med Group Exp)	\$ (4,241,170)	\$ (10,895,783)
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 10,342,050</b>	<b>\$ 12,700,103</b>
F. Capital Expenditures		
1. Retirement of Principle	\$ 2,451,748	\$ 2,367,808
2. Interest	\$ 530,508	\$ 477,793
<b>Total Capital Expenditures</b>	<b>\$ 2,982,256</b>	<b>\$ 2,845,601</b>
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 7,359,794</b>	<b>\$ 9,854,502</b>

**SUPPLEMENTAL PROJECTED DATA CHART**

Give information for the last two (2) years following the completion of this proposal.  
The fiscal year begins in \_OCT\_ (Month)

	2018	2019
A. Utilization Date (Oct -Sept)	10,730	10,730
B. Revenue from Services to Patients		
1. Inpatient Services	\$ 73,992,697	\$ 76,212,477
2. Outpatient Services	\$ 97,043,589	\$ 99,954,897
3. Emergency Services	\$ -	
4. Other Operating Revenue (services to affiliates)	\$ 115,153	\$ 118,607
<b>Gross Operating Revenue</b>	<b>\$ 171,151,439</b>	<b>\$ 176,285,982</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 130,075,093	\$ 133,977,346
2. Provision for Charity Care	\$ 4,124,750	\$ 4,248,492
3. Provision for Bad Debt	\$ 3,206,590	\$ 3,302,788
<b>Total Deductions</b>	<b>\$ 137,406,433</b>	<b>\$ 141,528,626</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 33,745,005</b>	<b>\$ 34,757,356</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 4,464,773	\$ 4,598,716
2. Physician's Salaries and Wages		
3. Supplies	\$ 7,470,249	\$ 7,694,356
4. Taxes		
5. Depreciation*-includes depreciation of new CON	\$ 1,625,584	\$ 1,625,584
6. Rent	\$ 229,904	\$ 229,904
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify on separate page)	\$ 848,619	\$ 848,619
<b>Total Operating Expenses</b>	<b>\$ 14,639,129</b>	<b>\$ 14,997,180</b>
E. Other Revenue (Expenses) - Net (Specify)		
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 19,105,876</b>	<b>\$ 19,760,176</b>
F. Capital Expenditures		
1. Retirement of Principal		
2. Interest	\$ -	
<b>Total Capital Expenditures</b>	<b>\$ -</b>	
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 19,105,876</b>	<b>\$ 19,760,176</b>

**December 29, 2015****4:29 pm****HISTORICAL DATA CHART-OTHER EXPENSES**

<u>OTHER EXPENSES CATEGORIES</u>	Year 2012	Year 2013	Year 2014
<b>Total Other Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PROJECTED DATA CHART-OTHER EXPENSES**

<u>OTHER EXPENSES CATEGORIES</u>	Year 1	Year 2	
Purchased Services	685	685	
Linen	51,144	51,144	
Courier	341	341	
Travel/Education	18,600	18,600	
Miscellaneous	1,123	1,123	
Repairs	30,641	30,641	
Maintenance Contract	744,377	744,377	
Leased Equipment	1,708	1,708	
<b>Total Other Expenses</b>	<b>848,619</b>	<b>848,619</b>	

**PROJECTED DATA CHART-OTHER EXPENSES**

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 1</u>	<u>Year 2</u>
Purchased Services	\$ 10,989,676	\$ 10,546,212
Insurance Expense	\$ (2,213,111)	\$ 2,654,861
Utilities	\$ 5,574,333	\$ 5,844,666
Repairs and Maintenance	\$ 10,821,077	\$ 11,933,032
Professional Fees:	\$ 29,428,984	\$ 28,059,444
Medicaid Assessment	\$ 12,350,028	\$ 12,350,028
Misc	\$ 5,366,174	6,053,434
Loss on Asset Impairment		
<b>Total Other Expenses</b>	<b>72,317,160</b>	<b>77,441,677</b>

6. A Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response

A representative charge schedule is shown below that includes comparison with 2 other recent CON submissions in response to Part B below. Charges will not change as a result of this project.

PROCEDURE RECORD NAME	CPT CODE	BMH	CN1403-007 Dyersburg	CN1502-005 Erlanger
HC PTA SINGLE MAJOR CORONARY ARTERY/BRANCH LC	92920	\$ 16,814.00	\$ 24,089.42	\$ 8,294.00
HC PTA SINGLE MAJOR CORONARY ARTERY/BRANCH LD	92920	\$ 16,814.00	\$ 24,089.42	\$ 8,294.00
HC PTA SINGLE MAJOR CORONARY ARTERY/BRANCH LM	92920	\$ 16,814.00	\$ 24,089.42	\$ 8,294.00
HC PTA SINGLE MAJOR CORONARY ARTERY/BRANCH RC	92920	\$ 16,814.00	\$ 24,089.42	\$ 8,294.00
HC PTA SINGLE MAJOR CORONARY ARTERY/BRANCH RI	92920	\$ 16,814.00	\$ 24,089.42	\$ 8,294.00
HC PTA EA ADDL MAJOR CORONARY ARTERY/BRANCH LC	92921	\$ 15,903.00	\$ 19,271.54	\$ 4,684.00
HC PTA EA ADDL MAJOR CORONARY ARTERY/BRANCH LD	92921	\$ 15,903.00	\$ 19,271.54	\$ 4,684.00
HC PTA EA ADDL MAJOR CORONARY ARTERY/BRANCH RC	92921	\$ 15,903.00	\$ 19,271.54	\$ 4,684.00
HC ATHERECTOMY W PTA SINGLE MAJOR COR ARTERY/BRANCH LC	92924	\$ 23,834.00	\$ 35,698.46	\$ 18,081.00
HC ATHERECTOMY W PTA SINGLE MAJOR COR ARTERY/BRANCH LD	92924	\$ 23,834.00	\$ 35,698.46	\$ 18,081.00
HC ATHERECTOMY W PTA SINGLE MAJOR COR ARTERY/BRANCH LM	92924	\$ 23,834.00	\$ 35,698.46	\$ 18,081.00
HC ATHERECTOMY W PTA SINGLE MAJOR COR ARTERY/BRANCH RC	92924	\$ 23,834.00	\$ 35,698.46	\$ 18,081.00
HC ATHERECTOMY W PTA SINGLE MAJOR COR ARTERY/BRANCH RI	92924	\$ 23,834.00	\$ 35,698.46	\$ 18,081.00
HC ATHERECTOMY W PTA EA ADDL MAJOR COR ARTERY/BRANCH LC	92925	\$ 22,539.00	\$ 35,698.46	\$ 12,455.00
HC ATHERECTOMY W PTA EA ADDL MAJOR COR ARTERY/BRANCH LD	92925	\$ 22,539.00	\$ 35,698.46	\$ 12,455.00
HC ATHERECTOMY W PTA EA ADDL MAJOR COR ARTERY/BRANCH RC	92925	\$ 22,539.00	\$ 35,698.46	\$ 12,455.00

HC STENT(S) W PTA SINGLE MAJOR COR ARTERY/BRANCH LC	92928	\$ 21,196.00	\$ 28,557.91	\$ 22,376.00
HC STENT(S) W PTA SINGLE MAJOR COR ARTERY/BRANCH LD	92928	\$ 21,196.00	\$ 28,557.91	\$ 22,376.00
HC STENT(S) W PTA SINGLE MAJOR COR ARTERY/BRANCH LM	92928	\$ 21,196.00	\$ 28,557.91	\$ 22,376.00
HC STENT(S) W PTA SINGLE MAJOR COR ARTERY/BRANCH RC	92928	\$ 21,196.00	\$ 28,557.91	\$ 22,376.00
HC STENT(S) W PTA SINGLE MAJOR COR ARTERY/BRANCH RI	92928	\$ 21,196.00	\$ 28,557.91	\$ 22,376.00
HC STENT(S) W PTA EA ADDL MAJOR COR ARTERY/BRANCH LC	92929	\$ 20,282.00	\$ 28,557.91	\$ 13,503.00
HC STENT(S) W PTA EA ADDL MAJOR COR ARTERY/BRANCH LD	92929	\$ 20,282.00	\$ 28,557.91	\$ 13,503.00
HC STENT(S) W PTA EA ADDL MAJOR COR ARTERY/BRANCH RC	92929	\$ 20,282.00	\$ 28,557.91	\$ 13,503.00
HC ATHERECTOMY W STENT/PTA SINGLE MAJOR COR ARTERY/BRANCH LC	92933	\$ 45,029.00	\$ 28,557.91	\$ 27,642.00
HC ATHERECTOMY W STENT/PTA SINGLE MAJOR COR ARTERY/BRANCH LD	92933	\$ 45,029.00	\$ 28,557.91	\$ 27,642.00
HC ATHERECTOMY W STENT/PTA SINGLE MAJOR COR ARTERY/BRANCH LM	92933	\$ 45,029.00	\$ 28,557.91	\$ 27,642.00
HC ATHERECTOMY W STENT/PTA SINGLE MAJOR COR ARTERY/BRANCH RC	92933	\$ 45,029.00	\$ 28,557.91	\$ 27,642.00
HC ATHERECTOMY W STENT/PTA SINGLE MAJOR COR ARTERY/BRANCH RI	92933	\$ 45,029.00	\$ 28,557.91	\$ 27,642.00
HC ATHERECTOMY W STENT/PTA EA ADDL MAJOR COR ARTERY/BRANCH LC	92934	\$ 44,116.00	\$ 28,557.91	\$ 16,666.00
HC ATHERECTOMY W STENT/PTA EA ADDL MAJOR COR ARTERY/BRANCH LD	92934	\$ 44,116.00	\$ 28,557.91	\$ 16,666.00
HC ATHERECTOMY W STENT/PTA EA ADDL MAJOR COR ARTERY/BRANCH RC	92934	\$ 44,116.00	\$ 28,557.91	\$ 16,666.00

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response

Charges from recently submitted CON applications fare shown in columns above.



7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response

The utilization of the cath labs continues to provide a positive contribution to the organization as demonstrated by the projections.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response

The utilization continues to generate positive net revenue for the existing established services.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response

The Gross Revenue amounts from federal revenue programs are shown below.

	Gross Revenue	% of total
Medicare	\$ 84,158,029	52%
TennCare/Medicaid	\$ 6,081,369	4%
Self-Pay	\$ 3,657,683	2%
Charity	\$ 172,748	1%

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response

Balance sheet and income statements are provided as Attachment C, Economic Feasibility-10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Response

One option was to continue operating without change, which was unacceptable because of the age of the equipment and the need to bring the facility into compliance with current guidelines. Another option was to build a new cath lab location in another area, rather than phase the project. This option would have been inefficient and added unnecessary cost.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response

As described in the question above, the option to build a new cath lab location in another area, rather than phase the project was considered. This option would have been inefficient and added unnecessary cost.

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response

Baptist Memorial Hospital continues to have relationships with entities throughout the Baptist System and other providers in the community.

- 2 Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response

The proposed renovation and continuation of existing service is not anticipated to have impact on other providers and will not duplicate or add capacity.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response

FTEs are shown in the chart below.

Position	FTE	Rate	TN BLS
MANAGER-CARDIAC & CATH LAB	1.00	42.63	40.53
NURSE-HEAD	2.90	31.24	28.79
NURSE-REGISTERED PRN II	0.60	31.91	28.79
TECHNOLOGIST-SPECIALS LEAD	1.00	38.67	29.15
TECHNOLOGIST-SPECIALS	11.02	27.51	29.15
TECHNOLOGIST-CARDIAC LAB II	2.00	27.26	22.24
TECHNOLOGIST-CARDIAC LAB I	0.90	17.75	18.70
LPN-EXPANDED II CARDIO	0.90	27.48	25.59
LPN-EXPANDED II	1.00	19.92	19.12
ASSISTANT-PATIENT CARE	1.00	15.30	13.77
NURSE-REGISTERED	24.32	30.05	28.79

Source: Tennessee Department of Labor & Workforce Development

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response

No additional FTE's are required to continue providing these services.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

Response

This is an ongoing service and Baptist Memorial Hospital is Joint Commission accredited and licensed by the Tennessee Department of Health. Baptist is knowledgeable and understands the requirements and regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response

Baptist Memorial Health Care Corporation is a strong supporter of educational opportunities throughout the region. Baptist's Philosophy and Mission for the system states that, "... it seeks to ENCOURAGE, GUIDE, and INSTRUCT those individuals entering into professions related to the healing of the body, mind and spirit."

Baptist Memorial College of Health Sciences was chartered in 1994 as a specialized college offering baccalaureate degrees in nursing and in allied health sciences as well as continuing education opportunities for healthcare professionals.

The four year BHS degree includes radiology training in areas of diagnostic medical services, and radiographic technology. BMH will participate to make student learning opportunities available as circumstances allow.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response

BMH has reviewed and understands the licensure requirements of the Department of Health and applicable Medicare certification requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Health Facilities Licensure will continue to be through the existing hospital license

Accreditation: Joint Commission accreditation will continue

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response

A copy of the BMH License is provided

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response

The last completed licensure/certification with an approved plan of correction is included as Attachment Orderly Development 7 (d).

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response

There are no final orders or judgments to report.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response

There are no final civil or criminal judgments to report.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response

BMH will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

### PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

### Response

A page from the Commercial Appeal is provided.

### DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee. The Property is sold as is, where is, without representations or warranties of any kind, including fitness for a particular use or purpose. THIS LAW FIRM IS ATTEMPTING TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE. Rubin Lublin TN, PLLC, Substitute Trustee 119 S. Main Street, Suite 500 Memphis, TN 38103 www.rubinelublin.com/property-listings.php Tel: (877) 813-0992 Fax: (404) 601-5846 Ad #90656: 2015-12-10 2015-12-17 2015-12-24

**NOTICE OF SUBSTITUTE TRUSTEE'S SALE** WHEREAS, default has occurred in the performance of the covenants, terms and conditions of a Deed of Trust dated January 22, 2013, executed by ANGELA DAWN REED, conveying certain real property therein described to HUNTLEY GORDON, as Trustee, as same appears of record in the Register's Office of Shelby County, Tennessee recorded January 24, 2013, at Instrument Number 13010944; and WHEREAS, the beneficial interest of said Deed of Trust was last transferred and assigned to FREEDOM MORTGAGE CORPORATION who is now the owner of said debt; and WHEREAS, the undersigned, Rubin Lublin TN, PLLC, having been appointed as Substitute Trustee by instrument to be filed for record in the Register's Office of Shelby County, Tennessee. NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable, and that the undersigned, Rubin Lublin TN, PLLC, as Substitute Trustee or his duly appointed agent, by virtue of the power, duty and authority vested and imposed upon said Substitute Trustee will, on **January 7, 2016 at 12:00 PM** at the Front Entrance Steps of the Shelby County Courthouse, located in Memphis, Tennessee, proceed to sell at public outcry to the highest and best bidder for cash or certified funds ONLY, the following described property situated in Shelby County, Tennessee, to wit: LOT 18, WHITTEN GROVE PD, PHASE 1, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 192, PAGE 1, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY. Parcel ID: 095323 E00018 PROPERTY ADDRESS: The street address of the property is believed to be **6652 WHITTEN GROVE DR, MEMPHIS, TN 38134.** In the

upon announcement at the time and place for the sale set forth above. All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee. The Property is sold as is, where is, without representations or warranties of any kind, including fitness for a particular use or purpose. THIS LAW FIRM IS ATTEMPTING TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE. Rubin Lublin TN, PLLC, Substitute Trustee 119 S. Main Street, Suite 500 Memphis, TN 38103 www.rubinelublin.com/property-listings.php Tel: (877) 813-0992 Fax: (404) 601-5846 Ad #89935: 2015-12-10 2015-12-17 2015-12-24

**SUBSTITUTE TRUSTEE'S SALE** Sale at public auction will be on **February 11, 2016 on or about 10:00AM local time**, at the Auction.com Room, Comfort Inn Downtown, 100 N. Front Street, Memphis, Tennessee, conducted by the Substitute Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by STACY ECHOLS AND B J ECHOLS AND JANE ECHOLS, to ASSURED ESCROW & TITLE, Trustee, on July 7, 2008, as Instrument No. 08103805 in the real property records of Shelby County Register's Office, Tennessee. Owner of Debt: Ocwen Loan Servicing, LLC The following real estate located in Shelby County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and

**SIGN.** THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TRUSTEE/SUBSTITUTE TRUSTEE RESERVES THE RIGHT TO RESCIND THE SALE. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE DEPOSIT PAID. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

**OTHER INTERESTED PARTIES:** THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT JUNIOR DOT AND HOA LIEN IN FAVOR OF GEMSTONES COMMUNITY HOMEOWNERS ASSOCIATION, INC

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 35-5-117 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee.

If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entity.

Legal Notices

Legal Notices

## NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Baptist Memorial Hospital, a Corporation owned by itself, intends to file an application for a Certificate of Need for the renovation and equipment upgrade of the cardiovascular catheterization lab area operated by Baptist Memorial Hospital at 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120. This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. The total project cost for purposes of the certificate of need application is estimated at \$6,109,654.

The anticipated date of filing the application is on or before December 15, 2015.

The contact person for this project is Arthur Maples, Dir. Regulatory Planning & Policy, who may be reached at 350 N. Humphreys Blvd, Memphis, TN 38120 (901) 227-4137.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, Tennessee 37243

Pursuant to TCA Sec. 68-11-1607(c)(1), (A) any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c):  
Feb 2016

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>30</u>	<u>March 2016</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<u>60</u>	<u>June 2016</u>
3. <u>Construction contract signed</u>	<u>15</u>	<u>June 2016</u>
4. <u>Building permit secured</u>	<u>15</u>	<u>June 2016</u>
5. <u>Site preparation completed</u>	<u>          </u>	<u>          </u>
6. <u>Building construction commenced</u>	<u>          </u>	<u>July 2016</u>
7. <u>Construction 40% complete</u>	<u>          </u>	<u>Feb 2017</u>
8. <u>Construction 80% complete</u>	<u>          </u>	<u>Sept 2017</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>          </u>	<u>Dec 2017</u>
10. <u>*Issuance of license</u>	<u>          </u>	<u>N/A</u>
11. <u>*Initiation of service</u>	<u>          </u>	<u>Jan 2018</u>
12. <u>Final Architectural Certification of Payment</u>	<u>          </u>	<u>March 2018</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>          </u>	<u>May 2018</u>

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

DEC 15 15 03:44

AFFIDAVITSTATE OF TennesseeCOUNTY OF Shelby

Randy King, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Randy King VP  
SIGNATURE/TITLE

Sworn to and subscribed before me this 14<sup>th</sup> day of December, 2015 a Notary  
(Month) (Year)

Public in and for the County/State of Shelby Tennessee.

Paulette E. Kearney  
NOTARY PUBLIC

My commission expires My Comm. Exp. August 21, 2016  
(Month/Day) (Year)



DEC 15 15:43:45

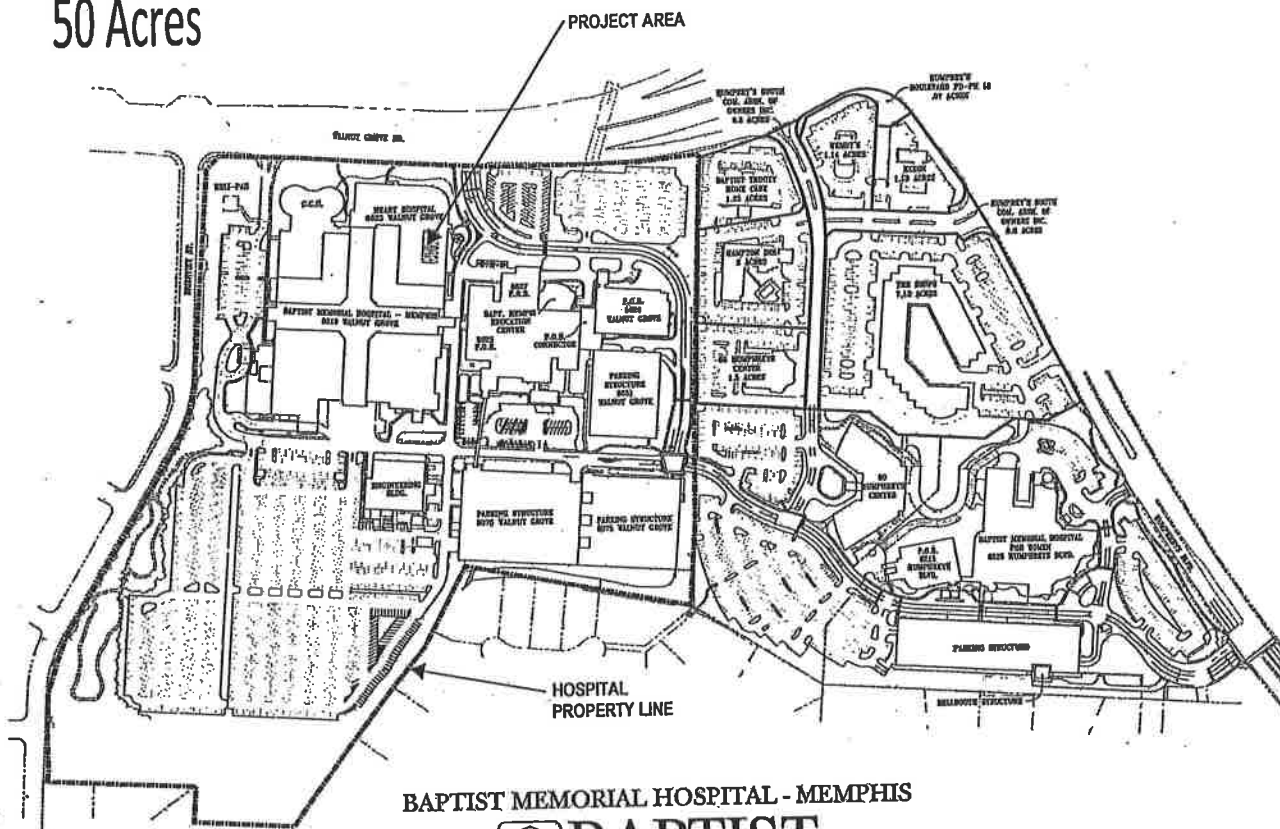
**INDEX OF ATTACHMENTS**

Organizational Documentation	Section A-3
Organizational Chart	Section A-4
Deed	Section A-6
Plot Plan	Section B, III, A (1)
Floor Plan	Section B, IV
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Architect Letter	Economic Feasibility 1
Chief Financial Officer Letter	Economic Feasibility 2(E)
Balance Sheet and Income Statements	Economic Feasibility, 10
License/Joint Commission	Orderly Development 7 (c)
State Survey/Inspection	Orderly Development 7 (d)

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**Plot Plan**

**Section B, III, A (1)**



BAPTIST MEMORIAL HOSPITAL - MEMPHIS



**BAPTIST**  
Memorial Health Care

**Attachments PG 31**

**ESa**

20000 E. 1st Ave., Apartment  
10000, Denver, CO 80202  
Tel: 303-733-1111  
Fax: 303-733-1111

**SCHEMATIC DESIGN**

**PRELIMINARY  
NOT FOR CONSTRUCTION**

# BMHM CATH LAB MASTERPLAN

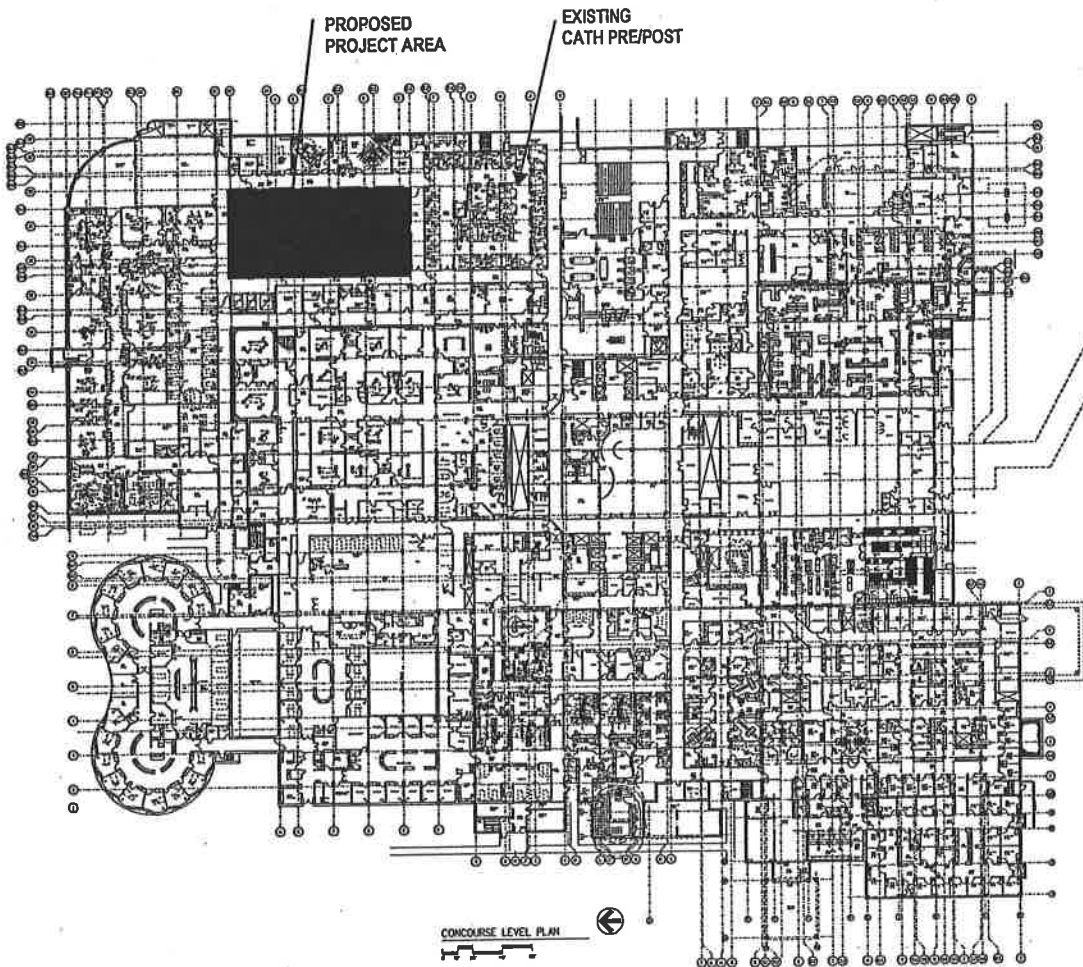
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## SITE PLAN

**C1.00**

## **Floor Plan**

### **Section B, IV**



Attachment Pg 33

**ESa**  
 Eastman Sutherland, Inc.  
 1000 1st Ave. S.W.  
 Seattle, WA 98101  
 Phone: (206) 462-1000  
 Fax: (206) 462-1001  
 Email: info@esa.com  
 Website: www.esa.com

SCHEMATIC DESIGN  
 PRELIMINARY  
 NOT FOR CONSTRUCTION

# BMHM CATH LAB MASTERPLAN

Revised	By	Date

WTE PLAN

A1.00



Amount of Income		Total
Salary		
Dividends		
Interest		
Capital Gains		
Other		
<b>Total</b>		

Social Security \_\_\_\_\_  
 Medicare \_\_\_\_\_  
 Federal Tax \_\_\_\_\_  
 State Tax \_\_\_\_\_  
 Local Tax \_\_\_\_\_  
 Other \_\_\_\_\_  
 Total \_\_\_\_\_

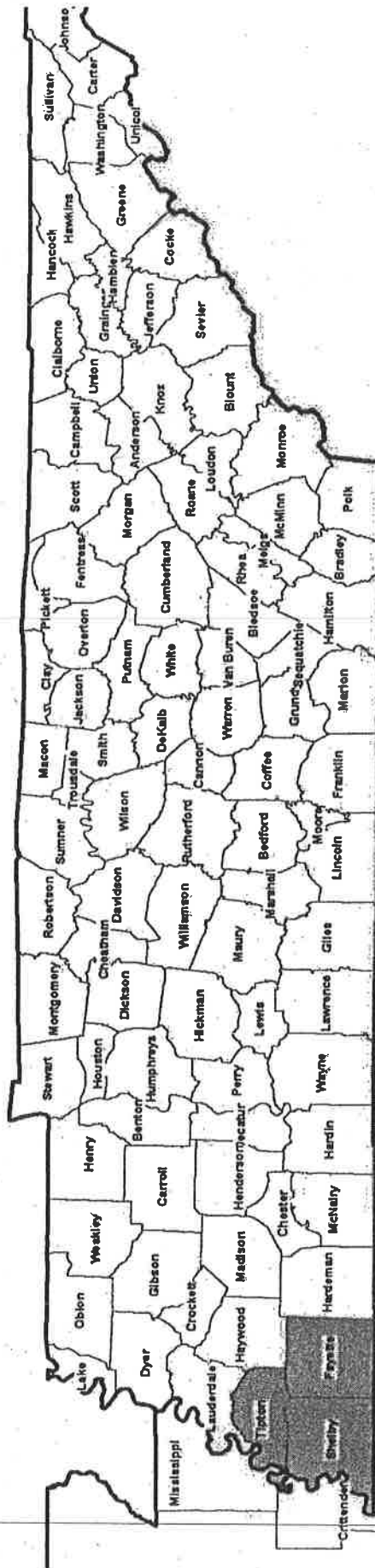
**CONCOURSE LEVEL**

### A1.C1



## **Service Area Map**

### **Section C, 3**



## **Architect Letter**

### **Economic Feasibility 1**



*Moving forward together to create environments that shape lives.*

December 14, 2015

Ms. Melanie Hill, Executive Director  
Health Services and Development Agency  
502 Deaderick Street, Andrew Jackson Bldg., 9th Floor  
Nashville, TN 37243

**RE: CATH LAB RENOVATIONS  
BAPTIST MEMORIAL HOSPITAL - MEMPHIS  
MEMPHIS, TN**

Dear Ms. Hill:

This letter will denote that ESa has reviewed the construction costs indicated for the referenced project and find the costs to be reasonable for the described scope of work. The construction costs have considered recent market conditions and inflation projections. In general, Cath Labs, renovated or new, are one of the more moderate portions of healthcare facilities with respect to cost. These costs also include HVAC upgrades servicing the entire department.

Sincerely,

EARL SWENSSON ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read 'Wm. Craig Holloway'.

Wm. Craig Holloway, AIA, EDAC  
Sr. Project Manager

cc: Harold Petty



*Moving forward together to create environments that shape lives.*

December 14, 2015

Ms. Melanie Hill, Executive Director  
Health Services and Development Agency  
502 Deaderick Street, Andrew Jackson Bldg., 9th Floor  
Nashville, TN 37243

**RE: CATH LAB RENOVATIONS  
BAPTIST MEMORIAL HOSPITAL - MEMPHIS  
MEMPHIS, TN**

Dear Ms. Hill:

This letter will affirm that to the best of our knowledge the design intended for the construction of the referenced facility will be in accordance with the following primary codes and standards. This listing may not be entirely inclusive but the intent is for all applicable codes and standards, State or Local, to be addressed during the design process.

- FGI Guidelines for the Design and Construction of Healthcare Facilities
- International Building Code (Current edition enforced at the time of plan submission)
- International Mechanical Code
- International Plumbing Code
- International Gas Code
- NFPA Life Safety Code
- Rules of Tennessee Department of Health and Environment Board for Licensing Healthcare Facilities
- Americans with Disabilities Act
- North Carolina Handicap Code

Sincerely,

EARL SWENSSON ASSOCIATES, INC.

Wm. Craig Holloway, AIA, EDAC  
Sr. Project Manager

cc: Harold Petty

## **Chief Financial Officer Letter**

### **Economic Feasibility 2(E)**

## BAPTIST MEMORIAL HEALTH CARE CORPORATION

December 14, 2015

Melanie Hill, Executive Director  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Baptist Memorial Hospital  
Renovation of the Cardiac Catheterization Lab

Dear Ms. Hill:

As the Chief Financial Officer of Baptist Memorial Health Care Corporation (BMHCC), I have reviewed the financial statements and requirements in the certificate of need application for the renovation of the cardiac catheterization lab at an anticipated cost of approximately \$6,109,654.

Financial statements have been provided for Baptist Memorial Hospital - Memphis. Funds to complete the project as described are available through the hospital and BMHCC affiliated entities.

Please contact me if you need additional information.

Sincerely,



Donald R. Pounds  
Chief Financial Officer, BMHCC

## **Balance Sheet and Income Statements**

### **Economic Feasibility, 10**

)



BAPTIST MEMORIAL HOSPITAL-MEMPHIS  
BALANCE SHEET  
12 MONTHS ENDED SEPTEMBER 30  
Unaudited

	2014	2013	2012
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	27,543,464	83,074,379	150,452,737
Patient accounts receivable	185,799,147	142,569,600	139,902,642
Allowances to accounts receivable	(102,580,548)	(69,790,211)	(63,726,115)
Patient accounts receivable, net	83,218,599	72,779,389	76,176,527
Other Receivables	17,130,785	16,840,706	15,953,937
Third party settlements	919,649	5,990,258	6,775,083
Inventory	14,667,642	14,156,182	14,516,369
Prepaid expenses	4,282,282	3,636,924	3,322,573
Total current assets	<u>147,762,420</u>	<u>196,477,837</u>	<u>267,197,227</u>
<b>INVESTMENTS</b>	319,152	662,946	515,119
<b>PROPERTY AND EQUIPMENT, net</b>	169,613,103	180,461,522	186,635,717
<b>OTHER ASSETS</b>	70,109,830	96,129,959	101,294,110
<b>TOTAL ASSETS</b>	<u>387,804,504</u>	<u>473,732,264</u>	<u>555,642,173</u>
<b>CURRENT LIABILITIES:</b>			
Current portion-long-term debt & CLO	17,525,000	17,170,000	16,100,000
Accounts payable	7,732,485	6,400,993	7,814,185
Due to affiliates	11,695,243	9,519,433	68,282,472
Third party settlements	4,838,068	2,787,074	4,410,831
Accrued payroll expenses	14,798,517	14,754,171	14,900,924
Accrued other expenses	9,269,110	13,179,081	13,618,117
Total current liabilities	<u>65,858,422</u>	<u>63,810,753</u>	<u>125,126,529</u>
<b>LONG-TERM DEBT and CLO</b>	108,041,040	127,888,606	150,703,612
<b>DUE TO AFFILIATES</b>	0	0	0
<b>FUND BALANCE (DEFICIT)</b>	213,905,042	282,032,906	279,812,033
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>387,804,504</u>	<u>473,732,264</u>	<u>555,642,173</u>

BAPTIST MEMORIAL HOSPITAL-MEMPHIS  
STATEMENT OF REVENUES AND EXPENSES  
-12 MONTHS ENDED SEPTEMBER 30

Unaudited

UNRESTRICTED REVENUES AND OTHER SUPPORT:

Gross patient revenues	2,010,403,438	1,960,511,459	1,780,710,121
Deductions to gross patient revenues	(1,479,321,721)	(1,409,889,772)	(1,215,306,625)
Provision for bad debts	(73,607,837)	(63,313,739)	(57,084,980)
Other revenue	16,698,984	16,994,124	16,024,049
Total unrestricted revenues and other support	474,172,864	504,302,070	524,342,565

EXPENSES:

Salaries	150,839,169	158,738,895	161,531,017
Contract labor	4,307,899	61,610	1,185,403
Benefits	41,783,302	42,594,159	46,574,633
Medical supplies	123,610,528	127,185,728	126,302,706
Nonmedical supplies	7,565,623	9,143,248	9,261,962
Purchased services	11,104,823	12,203,028	14,696,553
Insurance	255,733	(1,831,936)	3,611,030
Repairs and maintenance	10,332,941	10,536,853	9,128,336
Utilities	5,726,739	5,792,233	5,955,675
Other expenses	22,375,577	24,570,994	28,736,080
Loss on Asset Impairment	10,275,321	0	0
Management fees	77,132,582	59,039,856	52,278,908
Professional fees	26,355,046	24,106,987	23,624,629
Depreciation and amortization	23,276,262	23,237,042	24,031,334
Interest	650,954	764,197	849,088
Total Expenses	515,592,499	496,142,896	507,767,354

NONOPERATING INCOME(EXPENSE):

	7,121,399	9,193,074	7,395,042
--	-----------	-----------	-----------

REVENUES IN EXCESS OF EXPENSES

	(34,298,237)	17,352,249	23,970,253
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# Deloitte.

**Deloitte & Touche LLP**  
100 Peabody Place  
Suite 800  
Memphis, TN 38103-0830  
USA

Tel: +1 901 322 6700  
Fax: +1 901 322 6799  
[www.deloitte.com](http://www.deloitte.com)

March 4, 2015

The Board of Directors  
Baptist Memorial Health Care Corporation Affiliates  
350 North Humphreys Boulevard  
Memphis, TN 38120

We have performed an audit of the combined financial statements of Baptist Memorial Health Care Corporation and affiliates (the "Company") as of and for the year ended September 30, 2014, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated January 20, 2015.

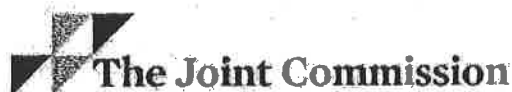
We also performed separate audits for Baptist Memorial Health Care Foundation and Baptist Memorial Hospital—Union County, Inc. as of and for the year ended September 30, 2014, in accordance with generally accepted auditing standards and have issued our reports thereon dated January 20, 2015 and February 27, 2015, respectively.

We are not aware of any relationships between the Deloitte Entities and the Company that under the rules and standards of the American Institute of Certified Public Accountants (AICPA) may reasonably be thought to bear on our independence. Deloitte Entities shall mean Deloitte & Touche LLP and the member firms of Deloitte Touche Tohmatsu Limited and their respective affiliates.

We hereby affirm that as of March 4, 2015, we are independent accountants with respect to the Company, within the meaning of the rules and standards of the AICPA.

We have not audited any financial statements of Baptist Memorial Health Care Corporation and its affiliates subsequent to September 30, 2014, or performed any audit procedures subsequent to the dates of our reports.

*Deloitte & Touche LLP*



## Accreditation Quality Report

- > Summary of Accreditation Quality Information
- > Accredited Programs
- > Accreditation National Patient Safety Goals
- > Sites and Services
- > Accreditation History
- > Download Accreditation PDF Report
- > Download Accreditation PDF Report - Include Quarterly Data
- > Accreditation Quality Report User Guide
- > Organization's Commentary

## Certification Quality Report

- > View Certification Quality Report

## Quality Report

### Summary of Quality Information

#### Accreditation Programs

Hospital

#### Accreditation Decision

Accredited

#### Effective Date

6/7/2014

#### Last Full Survey Date

6/6/2014

#### Last On-Site Survey Date

6/6/2014

### Accreditation programs recognized by the Centers for Medicare and Medicaid Services (CMS)

Hospital

#### Advanced Certification Programs

#### Certification Decision

#### Effective Date

#### Last Full Review Date

#### Last On-Site Review Date

Primary Stroke Center

Certification

9/6/2013

10/26/2015

10/26/2015

Ventricular Assist Device

Certification

6/3/2015

6/2/2015

6/2/2015

### Certification programs recognized by the Centers for Medicare and Medicaid Services (CMS)

Ventricular Assist Device

### Other Accredited Programs / Services

**Hospital** - Accredited by American College of Surgeons-Commission on Cancer (ACoS-COC)

### Special Quality Awards

- 2014 Top Performer on Key Quality Measures®
- 2012 Top Performer on Key Quality Measures®
- 2015 ACS National Surgical Quality Improvement Program
- 2015 Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program
- 2010 Silver - The Medal of Honor for Organ Donation

- Top -

#### Symbol Key

- This organization achieved the best possible results
- This organization's performance is above the target range/value.
- This organization's performance is similar to the target range/value.
- This organization's performance is below the target range/value.

### National Patient Safety Goals and National Quality Improvement Goals

Compared to other Joint Commission Accredited Organizations

Nationwide

Statewide

**Hospital**

2014 National Patient Safety Goals

See Detail




National Quality Improvement Goals:


2

2

Attachments Pg 48

performance is below the target range/value.

 This measure is not applicable for this organization.

 Not displayed

#### Footnote Key

1. The measure or measure set was not reported.
2. The measure set does not have an overall result.
3. The number is not enough for comparison purposes.
4. The measure meets the Privacy Disclosure Threshold rule.
5. The organization scored above 90% but was below most other organizations.
6. The measure results are not statistically valid.
7. The measure results are based on a sample of patients.
8. The number of months with measure data is below the reporting requirement.
9. The measure results are temporarily suppressed pending resubmission of updated data.
10. Test Measure: a measure being evaluated for reliability of the individual data elements or awaiting National Quality Forum Endorsement.
11. There were no eligible patients that met the denominator criteria.

Children's Asthma Care

[See Detail](#)

N/D

N/D

Immunization

[See Detail](#)N/D<sup>2</sup>N/D<sup>2</sup>

Perinatal Care

[See Detail](#)

+

+

Stroke Care

[See Detail](#)N/D<sup>8</sup>N/D<sup>8</sup>Venous Thromboembolism (VTE) [See Detail](#)N/D<sup>8</sup>N/D<sup>8</sup>

The Joint Commission only reports measures endorsed by the [National Quality Forum](#).

\* State results are not calculated for the National Patient Safety Goals.

- Top -

### Sites and Services

#### \* Primary Location

An organization may provide services not listed here. For more information refer to the [Quality Report User Guide](#).

#### Locations of Care

Baptist Memorial Hospital \*  
DBA: Baptist Memorial Hospital  
- Memphis Campus  
6019 Walnut Grove Road  
Memphis, TN 38120

#### Available Services

##### Joint Commission Advanced Certification Programs:

- Primary Stroke Center
- Ventricular Assist Device

##### Services:

- Brachytherapy (Imaging/Diagnostic Services)
- Cardiac Catheterization Lab (Surgical Services)
- Cardiac Surgery (Surgical Services)
- Cardiothoracic Surgery (Surgical Services)
- Cardiovascular Unit (Inpatient)
- Coronary Care Unit (Inpatient)
- CT Scanner (Imaging/Diagnostic Services)
- Dialysis Unit (Inpatient)
- Ear/Nose/Throat Surgery (Surgical Services)
- EEG/EKG/EMG Lab (Imaging/Diagnostic Services)
- Gastroenterology (Surgical Services)
- GI or Endoscopy Lab (Imaging/Diagnostic Services)
- Gynecological Surgery (Surgical Services)
- Hematology/Oncology Unit (Inpatient)
- Inpatient Unit (Inpatient)
- Interventional Radiology (Imaging/Diagnostic Services)
- Magnetic Resonance Imaging (Imaging/Diagnostic Services)
- Medical /Surgical Unit (Inpatient)
- Medical ICU (Intensive Care Unit)
- Neuro/Spine ICU (Intensive Care Unit)
- Neuro/Spine Unit (Inpatient)
- Neurosurgery (Surgical Services)
- Nuclear Medicine (Imaging/Diagnostic Services)
- Ophthalmology (Surgical Services)
- Orthopedic Surgery (Surgical Services)
- Orthopedic/Spine Unit (Inpatient)
- Outpatient Clinics (Outpatient)
- Plastic Surgery (Surgical Services)
- Positron Emission Tomography (PET) (Imaging/Diagnostic Services)
- Post Anesthesia Care Unit (PACU) (Inpatient)
- Radiation Oncology (Imaging/Diagnostic Services)
- Surgical ICU (Intensive Care Unit)
- Surgical Unit (Inpatient)
- Thoracic Surgery (Surgical Services)
- Transplant Surgery (Surgical Services)
- Ultrasound (Imaging/Diagnostic Services)
- Urology (Surgical Services)
- Vascular Surgery (Surgical Services)

Baptist Memorial Hospital

DBA: Baptist Memorial Hospital  
- Collierville Campus

#### Services:

- CT Scanner

- Medical ICU (Intensive Care Attachments Pg 49)

1500 West Poplar  
Collierville, TN 38017

- (Imaging/Diagnostic Services)
- Ear/Nose/Throat Surgery (Surgical Services)
- EEG/EKG/EMG Lab (Imaging/Diagnostic Services)
- Gastroenterology (Surgical Services)
- GI or Endoscopy Lab (Imaging/Diagnostic Services)
- Gynecological Surgery (Surgical Services)
- Inpatient Unit (Inpatient)
- Interventional Radiology (Outpatient)
- Magnetic Resonance Imaging (Imaging/Diagnostic Services)
- Medical /Surgical Unit (Inpatient)
- Unit)
- Nuclear Medicine (Imaging/Diagnostic Services)
- Ophthalmology (Surgical Services)
- Orthopedic Surgery (Surgical Services)
- Plastic Surgery (Surgical Services)
- Sleep Laboratory (Sleep Laboratory)
- Surgical ICU (Intensive Care Unit)
- Thoracic Surgery (Surgical Services)
- Ultrasound (Imaging/Diagnostic Services)
- Urology (Surgical Services)

Baptist Memorial Hospital  
DBA: Baptist Memorial Hospital  
- Women's Campus  
6225 Humphreys Blvd.  
Memphis, TN 38120

**Services:**

- CT Scanner (Imaging/Diagnostic Services)
- Ear/Nose/Throat Surgery (Surgical Services)
- EEG/EKG/EMG Lab (Imaging/Diagnostic Services)
- Gynecological Surgery (Surgical Services)
- Gynecology (Inpatient)
- Inpatient Unit (Inpatient)
- Labor & Delivery (Inpatient)
- Magnetic Resonance Imaging (Imaging/Diagnostic Services)
- Medical ICU (Intensive Care Unit)
- Normal Newborn Nursery (Inpatient)
- Orthopedic Surgery (Surgical Services)
- Outpatient Clinics (Outpatient)
- Pediatric Unit (Inpatient)
- Post Anesthesia Care Unit (PACU) (Inpatient)
- Surgical ICU (Intensive Care Unit)
- Ultrasound (Imaging/Diagnostic Services)
- Urology (Surgical Services)

Baptist Rehab  
440 Powell Road  
Collierville, TN 38017

**Services:**

- Outpatient Clinics (Outpatient)

Baptist Women's Health Center  
50 Humphreys Boulevard, Suite 23  
Memphis, TN 38120

**Services:**

- Outpatient Clinics (Outpatient)

GI Specialists  
DBA: GI Specialists  
80 Humphreys Center Dr. #200  
Memphis, TN 38120

**Other Clinics/Practices located at this site:**

- None

**Services:**

- Administration of High Risk Medications (Outpatient)
- Anesthesia (Outpatient)
- Perform Invasive Procedure (Outpatient)
- Single Specialty Practitioner (Outpatient)

Stern Cardiovascular Clinic  
Outpatient Diagnostics  
8060 Wolf River Boulevard  
Germantown, TN 38138

**Services:**

- Administration of High Risk Medications (Outpatient)
- Outpatient Clinics (Outpatient)

- Top -

The Joint Commission obtains information about accredited/certified organizations not only through direct observations by its employees [...Read more.](#)

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## **State Survey/Inspection**

### **Orderly Development 7 (d)**

Rec 10/29/07  
Resp. 11/4/07



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
WEST TENNESSEE HEALTH CARE FACILITIES  
781-B AIRWAYS BOULEVARD  
JACKSON, TENNESSEE 38301-3203

October 25, 2007

Mr. Jason Little, Administrator  
Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis, TN 38120

Dear Mr. Little:

Enclosed is the Statement of Deficiencies, which was developed as a result of the full survey after a complaint, completed at your facility on October 18, 2007.

You are requested to submit a Credible Allegation of Compliance within ten (10) days after date of this letter with acceptable time frames for correction of the cited deficiencies. Corrective action must be achieved no later than forty-five (45) days from the date of the survey. Please notify this office when these deficiencies are corrected. A revisit must be conducted prior to the forty-fifth (45<sup>th</sup>) day to verify compliance. Once corrective action is confirmed, a favorable recommendation for re-certification will be considered.

The following Conditions of Participation have been found to be out of compliance:

A385

482.23

Nursing Services

Also, the following eight (8) standard level deficiencies cited for noncompliance: A166, A168, A175, A395, A396, A459, A468, and A630.

Based on noncompliance with the aforementioned Conditions of Participation, this office is recommending to the CMS Regional Office and/or State Medicaid Agency that your provider agreement be terminated effective January 18, 2008, which is ninety (90) days from the date of the survey. Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How ongoing compliance will be monitored.

84  
108

PAGE 01

MSG ADMIN

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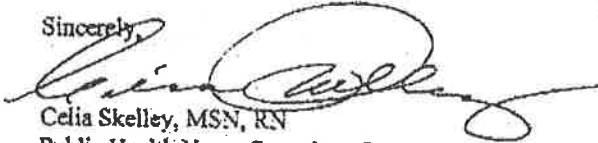
11/14/2007 16:13



If there are any delays in completing your Plan of Correction, please notify this office in writing. Before the plan can be considered "acceptable," it must be signed and dated by the administrator.

Should you have questions or if there is any way this office may be of assistance, please do not hesitate to call 731-421-5113.

Sincerely,



Celia Skelley, MSN, RN  
Public Health Nurse Consultant 2

CS/TW

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 12/22/2004  
♦ FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER  440048	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY  COMPLETED C 8/21/07
---	--	--	---

NAME OF PROVIDER OR SUPPLIER  
BAPTIST MEMORIAL HOSPITAL

STREET ADDRESS, CITY, STATE, ZIP CODE  
6019 WALNUT GROVE ROAD  
MEMPHIS, TN 38120

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 043	<p>482.12 GOVERNING BODY</p> <p>The hospital must have an effective governing body legally responsible for the conduct of the hospital as an institution. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this part that pertain to the governing body.</p> <p>This CONDITION is not met as evidenced by: Based on review of standards of practice, manufacturer's guidelines, governing body meeting minutes, medical record review and interview, it was determined the governing body failed to assume responsibility for the conduct of all hospital personnel and ensure each patient received the highest quality of care consistent with acceptable standards of practice in order to prevent patient injury.</p> <p>The findings included:</p> <p>1. The governing body failed to ensure the hospital provided surgical services in accordance with acceptable standards of practice. Refer to A049</p>	A 043	<p>The BMH CEO immediately notified the BMH Memphis market leader (senior management) of the immediate Jeopardy citation.</p> <p>The Baptist Memorial Hospital-Memphis Nursing Officer, with the support of the Director of Performance Improvement will have overall responsibility for ensuring the plan of correction.</p>	8/22/07
		AO43 482.12	<p>1. The Governing Body Bylaws Article 31 states: "The Board is responsible for maintaining and evaluating the quality of patient care and safety through the various medical staff and administrative mechanisms including identifying and resolving problems and opportunities for improving patient care and safety." Article 7D states: "The Board shall request and review reports regarding the quality of patient care services." The CEO will present monthly reports to the governing body that will update on: core competency evaluation of anesthesia staff, evidence of mandatory training completion for anesthesia, surgeons, surgical allied</p>	Ongoing
				Ongoing Monthly

LABORATORY DIRECTORS OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

DATE

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  440048	(X2) MULTIPLE CONSTRUCTION A. BUILDING BAPTIST MEMORIAL HOSPITAL B. WING _____		(X3) DATE SURVEY COMPLETED C 8/21/07
NAME OF PROVIDER OR SUPPLIER BAPTIST MEMORIAL HOSPITAL			STREET ADDRESS, CITY, STATE, ZIP CODE 6019 Walnut Grove Road Memphis, TN 38120		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
			health professionals, and hospital personnel who assist with invasive procedures.		

2007-09-15 15:03:45

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  440048	(X2) MULTIPLE CONSTRUCTION A. BUILDING BAPTIST MEMORIAL HOSPITAL B. WING	(X3) DATE SURVEY COMPLETED C 8/21/07
NAME OF PROVIDER OR SUPPLIER  BAPTIST MEMORIAL HOSPITAL			STREET ADDRESS, CITY, STATE, ZIP CODE 6019 Walnut Grove Road Memphis, TN 38120	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
		A043 482.12	Performance Improvement Initially a 90-day focused review via direct observation on 30% of cases will be performed by OR staff. Following focused review, required elements will be monitored monthly and reported quarterly through Operative Invasive Committee and Performance Improvement Committee. These committee reports will be reported quarterly by the CEO to the governing board. The CEO will also in his monthly written report to the board provide any updates to the quality monitors. Policies and procedures (attachments D - K, L and M) have been amended in accordance with AORN, ACOS, ASA and CDC recommendations. These changes to policy and practice will be reported to the board in the monthly board report on September 20, 2007	To begin 9/4/07
	2. The governing body failed to ensure surgeons and anesthesiologists were accountable to the governing body and received the appropriate training to prevent patient injuries. Refer to A 0940 and A 1000	A043	Anesthesia Education Mandatory education for all anesthesia personnel on fire safety and anesthesia responsibility for the safety and security of patients in the operative setting has been completed. Anesthesia personnel will not be allowed to work without documented evidence of training. Compliance of education will be reported to the governing board on September 20, 2007. Contract Amendment The current anesthesia contract states the anesthesia group will "use currently accepted methods and practice of medicine, adhere to applicable standards of care, medical ethics, policies and anesthesia protocols and comply with the requirement and standard of Medicare, JCAHO and any other accrediting agencies designated by the hospital, as well as all applicable laws, rules and regulations." The board has approved the current contract. An executed amendment to the current anesthesia contract will be approved at the next board meeting in October 2007, which requires annual fire safety training for all anesthesia providers (attachment AF)	Completed 9/6/07 100% Staff Educated  Completed 9/20/07  Completed 9/6/07 Final Approval 10/2007
		A043	Surgeon Education Surgeons credentialed at Baptist Memorial Hospital received education related to OR fire safety, patient rights and safe use of alcohol	

# **Supplemental #1 -COPY-**

**Baptist Memorial Hospital**

**CN1512-066**

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## 1. Consent Calendar

The applicant has requested Consent Calendar review. Please discuss why the proposed project should be placed on consent in relation to need, economic feasibility, and contribution to the orderly development of health care.

### Response:

To be on the consent calendar, the project must meet all the CON criteria and be un-opposed. The applicant demonstrates that the project meets the criteria and is not aware that the noncontroversial activity to improve patient care would have any opposition.

### Need

The cardiac catheterization (cath) service at BMH-Memphis has been in operation for decades in alignment with state and local health plans. It continues to be essential in the established service area as well as supporting referrals from regional hospitals within the Baptist system. New technology including drug-eluting stents and expanded peripheral vascular services that involve more than cardiac procedures have changed utilization. The most recent renovation to the area was designed and built more than 15 years ago. The cath labs are currently located on opposite sides of a single uncontrolled corridor. The building standards that have changed over the years now recommend controlled access more like an operating room environment. In the current *Guidelines for Design and Construction of Health Care Facilities*, cardiac catheterization procedures are grouped into services that are provided in interventional imaging suites. The suites are larger in area than in the past and access is controlled by a semi-restricted corridor surrounding the restricted procedure rooms. This project will rearrange the catheterization rooms into a configuration in accordance with the current guidelines for interventional imaging suites.

In addition to the space renovation, this project includes new mechanical equipment for updating air-handling capability to ensure continued adherence to recommended air exchanges in the catheterization area and proximal space. Updating the air-handling equipment with the renovation would not reach a threshold level or involve activity that requires a Certificate of Need. However, the addition of updating catheterization equipment does tip the project over the threshold to require a CON.

In addition to new equipment in the procedure rooms that will include pharmaceutical dispensing, lighting and equipment ceiling mounts, two new catheterization units are included to replace equipment that has reached the extent of expected lifetime utilization. The new "combo" catheterization units support peripheral vascular procedures as well as cardiac procedures. The capabilities of the new equipment are consistent with the other procedure rooms and are responsive to the changes in the service needs. While the growth rate for cardiac cath has stalled and slightly decreased for some types of procedures, as reflected nationally, the number of peripheral vascular procedures is

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increasing. These proposed new machines will support both. However, the cost of each unit is not sufficient to categorize the replacement as major medical equipment which could be updated without a CON.

#### Economic Feasibility

The proposal can be economically accomplished and will continue to be maintained as demonstrated by the success of the existing service. The financial projection of the project indicates the positive contribution to the cash flow for provision of other services provided by the hospital. The project does not require an increase in charges and will continue to serve patients in the same federal, state and private financial categories.

The project cost for renovation is within the range of other projects as indicated by the Agency's renovation cost per sq. ft. chart. Replacement of the air-handling equipment benefits the cath area as well as providing support for extensive other areas outside the catheterization space.

As previously discussed, if the project had been accomplished in separate phases of renovation and catheterization equipment upgrade, the CON threshold would not have been reached. In fact, if the catheterization equipment had been more expensive to be classified as major medical equipment, it could have been replaced without CON approval.

Although, a phased implementation would have not triggered a CON it was not a less costly alternative. The cath area will be upgraded in the same location by redistributing existing space more efficiently and effectively. The proposed project involves 5 phases of work to allow operation of the catheterization to continue during the entire renovation period. Extending the period to complete the upgrade would potentially extend disruption and complicate operations which could detract from the more economical completion of the renovation.

The support of funding from Baptist Memorial Health Care Corporation is committed as presented in the letter from the System's Chief Financial Officer.

#### Contribution to the Orderly Development

This project does not involve new or expanded services that duplicate or negatively affect competition. It is accomplished by renovating and updating an existing area according to current health care facility guidelines with equipment to provide functional needs. Accessibility to the controlled environment will be safer and comfortable for patients and staff. Staffing will continue at appropriate levels for the services provided according to need. Performance will continue to show high quality supported by dedicated professionals in an environment responsive to ethical and governmental standards.

**2. Section A, Applicant Profile, Item 1**

The name of the facility should be Baptist Memorial Hospital and not include Cardiac Catheterization Lab Renovation. Please make the necessary correction.

**Response:**

The facility name has been corrected on the following replacement page.

**3. Section A, Applicant Profile, Item 3**

Department of Health's Licensure website identifies the Baptist Memorial Hospital owner address as 6019 Walnut Grove Road. The application list the address as 350 N. Humphreys Boulevard. Please address this discrepancy.

**Response:**

The physical address of BMH-Memphis is correct in the published LOI and on the License. The registered corporate address was mistakenly entered on the application and has been corrected on the following replacement page. The physical address of the hospital is 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120



**4. Section A, Applicant Profile, Item 3**

The 2013 Joint Annual Report indicates there were 547 staffed beds in 2013. The bed complement Data Chart reflects 549 beds. Since 2013, please clarify if the additional 2 beds were assigned as medical or ICU/CCU staffed beds.

**Response:**

The 2 additional beds are Medical/Surgical and are due to movement of units and changes within the hospital.

The Joint Annual Report (JAR) and the CON chart are different in time frame and somewhat different in categories. The 2013 JAR Schedule F indicates 545 Beds are staffed. The JAR 2014 Schedule F indicates a total of 547 beds are set up and staffed on an typical day as of Sept 30, 2014. In that chart, the 547 includes 5 beds that are designated for hospice patients, 68 for ICU/CCU and 474 for Medical/Surgical.

The bed chart in the CON indicates that 72 beds are ICU/CCU and 477 beds are Medical/Surgical. The difference in the ICU/CCU count (72-68=4) is due to including 4 ICU beds that are part of the mylo/suppression unit in the CON Chart with the ICU/CCU Category. Those beds are in the Medical/Surgical bed count for the JAR because they are used when needed for patients with special protection for infection control.

Another difference is 5 beds that are shown for Hospice in the JAR are included in the Medical/surgical count for the CON Chart rather than broken out separately. Those beds are used for Hospice as allowed by a special exception for TN hospice patients in a licensed hospital.

In addition to modest differences in the Tables, patient units within the hospital can close and/or open during the period to allow for renovation and other activities on a floor. Units differ in size for various reasons.

The difference in the bed complement data between the 2014 JAR and the CON bed chart is a result of the movement of beds inside the hospital and the additional 2 beds (CON Chart 549 vs 2014 JAR 547) in the CON chart are in the Medical/Surgical Category.

**5. Section A, Applicant Profile, Item 13**

Please clarify if the applicant is contracted with TennCare Select.

**Response:**

Baptist participates with all three MCOs and TennCare Select.  
Volunteer State Health Plan - Blue Cross Blue Shield of TN BlueCare  
Amerigroup Community Care  
United Healthcare Plan of the River Valley - United Healthcare  
Community Plan

The application and has been corrected on the following replacement page.

**December 23, 2015****11:46 am****6. Section B, Project Description, Item I**

The applicant states there are 5 cath labs on the concourse floor at Baptist Memorial Hospital, however the 2013 JAR indicates there are 6 cath labs. Please clarify the difference.

Response

The 2013 JAR is correct. The hospital operates 6 cath labs as also presented in the 2014 JAR. Please refer to the first paragraph in the response on page 4 of the application which states that another cath lab that is primarily used for outpatients on a different floor is not included in this project. That lab is in a separate suite to accommodate outpatients and the area and equipment are not in need of renovation or update.

The executive summary is noted. However, please list each of the following topics and provide a brief description underneath each:

- Brief description of proposed services and equipment

Response

The project involves renovation of space for 5 exiting cardiac catheterization labs, new imaging equipment for cardiac and peripheral vascular imaging in 2 rooms, ceiling equipment mounts in all rooms, new lighting, 2 volcano machines for ultrasound imaging guidance and omniscell drug dispensing units. The additional space required by the cath facility guidelines, the new equipment that generates additional heat and the age of the current HVAC infrastructure unit also prompts the need to replace the air-handler serving the cath lab and other areas.

- Ownership structure

Response

Baptist Memorial Hospital-Memphis (BMHM) is a non-profit, private, general acute care tertiary hospital that is the main campus for Baptist Memorial Hospital (BMH). Two other BMH hospital campuses under the same license are BMH-Collierville and BMH for Women in Shelby County. The main campus also accepts complex cases from regional BMH hospitals. The sole member of BMH is Baptist Memorial Health Care Corporation, a non-profit private corporation, with facilities and Baptist Medical Group (BMG) physicians in Tennessee, Mississippi and Arkansas.

- Service area

Response

The primary service area for this project is Shelby, Fayette and Tipton counties in Tennessee.

- Need

Response

Current Guidelines for Design and Construction of Health Care Facilities and the age of the cardiac equipment has prompted the need for the renovation project. The labs will be arranged in an area with controlled access similar to surgical suites. Catheterization equipment in 2 rooms will be completely replaced with combination

units supporting cardiac and peripheral vascular procedures. New services or additional major medical equipment are not involved.

- Existing Resources

Response

Some existing equipment will be removed and reinstalled after the space is reconfigured. Trained and skilled personal will continue to provide the service. The cath labs will be replaced in the same location where they currently exist requiring 5 phases of renovation to ensure that operations continues without interruption.

- Project Cost

Response

The total project cost for renovation, replacement equipment, and air-handling is modestly above the CON threshold at \$6,109,654.

- Funding Financial Feasibility, and

Response

The funding is available from cash reserves of the hospital and the sole member Baptist Memorial Health Care Corporation.

- Staffing

Response

Staff is currently active and will continue with existing professionals. Staff is scheduled according to operational demand.

What is the source of the definitions such as "interventional imaging suite", "restricted area", "semi-restricted area", etc?

Response

The source of the terms is the 2014 Facility Guidelines Institute publication titled *Guidelines for Design and Construction of Health Care Facilities*.

**December 23, 2015****11:46 am****7. Section B, Project Description, Item II.A.**

It appears the total cost per square foot of the project is \$171.82 (\$2,501,135/14,556 SF). Please clarify.

Response:

The cost of the project including the air handler as shown in the chart which allocates the cost of the air-handler over the total area served in the project is \$171.82845 = \$171.82/sq.ft. or \$171.83 if cost is rounded up.

The air-handler is replacement equipment that will actually cover a broader area than the cath lab. However, allocating the cost only over the area that is part of the project is one way to provide an estimated cost per square foot for the project.

A revised page 21, numbered 21R follows this page to indicate this method was used to determine the cost per sq ft of the project.

~~Alternative approaches to calculating the cost per square foot are to add the total cost of the renovated area and divide that total by the area which excludes the cost of the air handler. However, the air handler will be installed through the construction contract.~~

## Alternative 1:

Excluding air handler:

$$(\$1,603,538 + \$191,597) / (5,381\text{sq.ft.} + 1,897\text{sq.ft.}) = \underline{\$246.65/\text{sq.ft.}}$$

Alternative 2 including air handler but no inclusion of area covered:

$$(\$1,603,538 + \$191,597 + \$706,000) = \$2,501,135$$

$$\$2,501,135 / 7,278\text{sq.ft.} = \underline{\$343.65/\text{sq.ft.}}$$

**8. Section B, Project Description Item IV. (Floor Plan)**

Please provide an enlarged copy of the cardiac cath proposed floor plan.

What is now operating in the area that will be occupied by the proposed cardiac renovation? If so, where will the service be relocated after the completion of this project?

Response:

The cath lab area will be renovated in the same space that it now occupies. The procedure rooms will be enlarged by including space that is now used for functions that can be accommodated away from the operational area such as an employee breakroom. The renovation will occur in 5 phases so that operation can continue during the renovation.

**BMHM CATH LAB MASTERPLAN**

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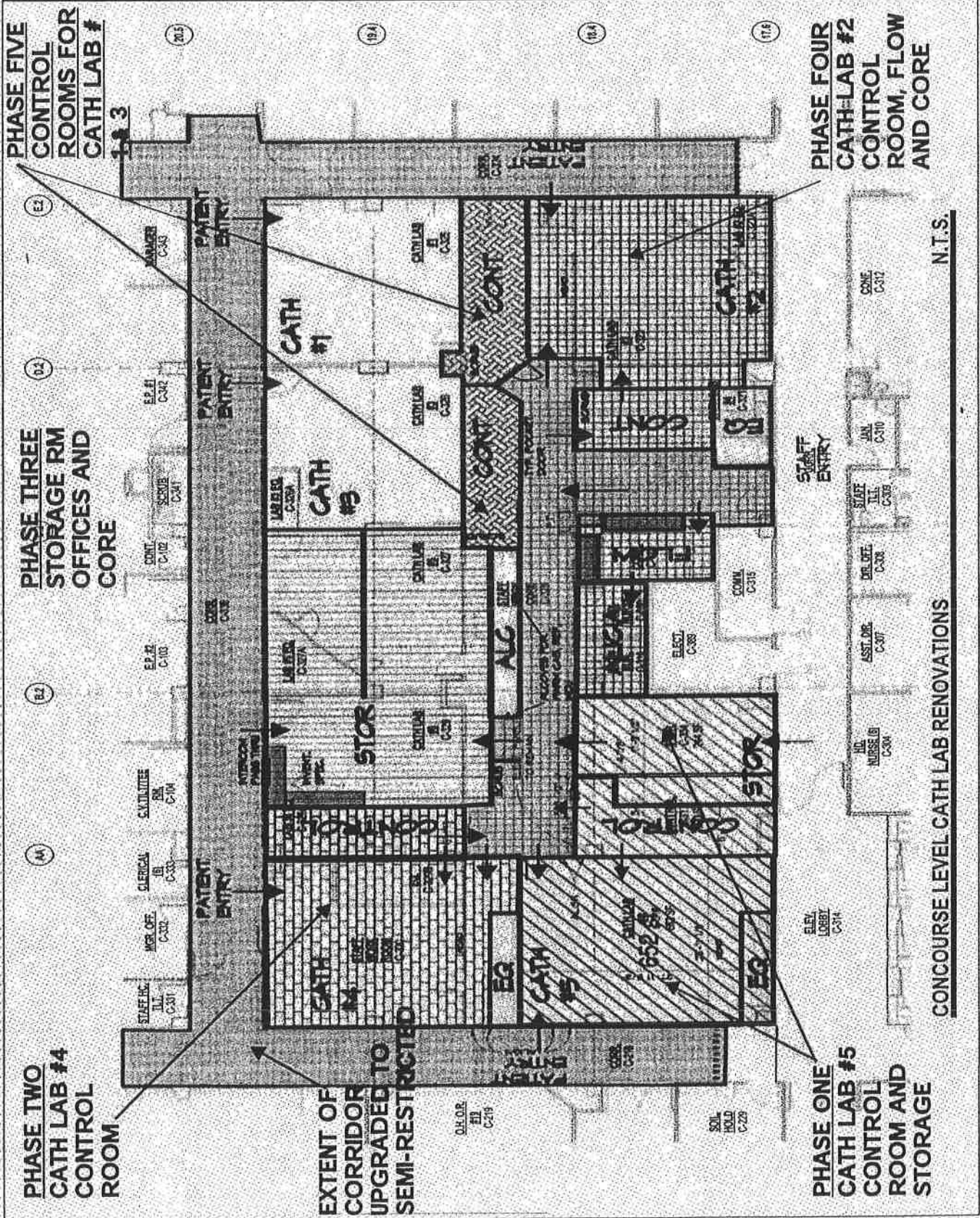
SITE PLAN

A1.C1A

**ES&E**  
 Engineering & Surveying, Inc.  
 10000 West 10th Avenue, Suite 100  
 Denver, Colorado 80231  
 Phone: 303.755.1100  
 Fax: 303.755.1101  
 Email: info@esandsurvey.com  
 www.esandsurvey.com

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 Fax: 303.755.1101  
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 www.esandsurvey.com



CONCOURSE LEVEL CATH LAB RENOVATIONS N.T.S.

**9. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions, #3.a)**

Please summarize the 2014 cardiac utilization for the current hospital campus located at 6019 Walnut Grove Road, Memphis using the following table:

Response:

The entire hospital campus includes 6 Cardiac Catheterization labs. A new information system has been installed that will allow future reporting by individual unit. However, separating procedures into individual rooms is not available at this time.

**Statistics are provided by number of procedures**

Cath Type	2014 Total Cath lab Utilization	Cath lab #2	Cath lab #3	Cath lab #4	Cath lab #5
Diagnostic Cardiac	923				
Diagnostic Peripheral Vascular	174				
Therapeutic Cardiac	7,875				
Therapeutic Peripheral Vascular	1,229				
Diagnostic EP	N/A				
Therapeutic EP	N/A				
<b>TOTAL</b>	<b>10,201</b>				

Please note that Electrophysiological Procedures are done in a different area.



**10. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions, #3.b)**

The applicant indicates the renovation proposal is due to changes in facility guidelines and the normal replacement requirements for aging equipment. Please discuss.

Response:

The Facility Guidelines Institute publishes the Guidelines for Design and Construction of Health Care Facilities which is used in Tennessee as the standard for Health Care Facilities. As discussed in other responses, the most recent renovation to the area was designed and built more than 15 years ago. The cath labs are currently located on opposite sides of a single uncontrolled corridor. The building standards that have changed over the years now recommend controlled access more like an operating room environment. Cardiac catheterization procedures are grouped into services that are provided in interventional imaging suites. The suites are larger in area than in the past and access is controlled by a semi-restricted corridor surrounding the restricted procedure rooms. This project will rearrange the catheterization rooms into a configuration in accordance with the current guidelines for interventional imaging suites.

This project also includes new mechanical equipment for updating air-handling capability to ensure continued adherence to recommended air exchanges in the catheterization area and proximal space. Updating the air-handling equipment with the renovation would not reach a threshold level or involve activity that requires a Certificate of Need. However, the addition of updating catheterization equipment does tip the project over the threshold to require a CON.

In addition to new equipment in the procedure rooms that will include pharmaceutical dispensing, lighting and equipment ceiling mounts, two new catheterization units are included to replace equipment that has reached the extent of expected lifetime utilization. The new "combo" catheterization units support peripheral vascular procedures as well as cardiac procedures. The capabilities of the new equipment are consistent with the other procedure rooms and are responsive to the changes in the service needs.



**11. Section C, Need, Item 4. A and B**

Your response to this item is noted. Using the most recent population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

<i>Variable</i>	<i>Fayette</i>	<i>Tipton</i>	<i>Shelby</i>	<i>Service Area</i>	<i>Tennessee</i>
<i>Current Year (2015), Age 65+</i>	7,271	8,414	112,753	128,438	1,012,937
<i>Projected Year (2019), Age 65+</i>	8,408	9,778	129,543	147,729	1,134,565
<i>Age 65+, % Change</i>	13.52%	13.95%	12.96%	13.06%	10.72%
<i>Age 65+, % Total (PY)</i>	18.29%	14.28%	13.55%	13.80%	16.45%
<i>CY, Total Population</i>	41,835	64,759	946,559	1,053,153	6,649,438
<i>PY, Total Population</i>	45,963	68,477	956,200	1,070,640	6,894,997
<i>Total Pop. % Change</i>	8.98%	5.43%	1.01%	1.63%	3.56%
<i>TennCare Enrollees</i>	6,644	12,885	252,782	272,311	1,363,948
<i>TennCare Enrollees as a % of Total Population</i>	15.88%	19.90%	26.71%	25.86%	20.51%
<i>Median Age</i>	43.1	37.4	34.8	38.4	38.3
<i>Median Household Income</i>	\$55,623	\$53,133	\$46,213	\$ 51,656	\$44,621
<i>Population % Below Poverty Level</i>	14.50%	13.10%	21.30%	16.30%	17.80%

<http://factfinder.census.gov>

Source: 2010-2014 American Community Survey 5-Year Estimates

<https://www.tn.gov/tenncare/topic/enrollment-data>

<https://tn.gov/assets/entities/health/attachments/Population Projections 2010-20.pdf>

Please complete the following chart for the number of deaths from diseases of the heart with rates per 100,000 population using the latest data from the Tennessee Department of Health.

<b>County/State</b>	<b>Number of Deaths</b>	<b>Rate</b>
State	14,723	226.7
Shelby	1,825	194.3
Tipton	121	196.5
Fayette	79	204.2

NUMBER OF DEATHS FROM DISEASES OF THE HEART WITH RATES PER 100,000 POPULATION, BY RACE, TENNESSEE RESIDENT DATA, 2013

SOURCE: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT, OFFICE OF HEALTH STATISTICS

**December 23, 2015****11:46 am****12. Section C, Need, Item 5**

There appears to be calculation errors in the table in rows 1 and 2 of the Baptist Memphis section of the chart. Please revise.

**Response:**

The revisions are shown below, some corrections were made to Baptist Memphis Joint Annual Report data for 2014. For purposes of this application, data consistent with previous established definitions were entered into the chart below for 2013 and 2014.

Row Labels	2011	2012	2013	2014 (blank)	Grand Total
<b>Baptist Memphis</b>	<b>15651</b>	<b>15730</b>	<b>14102</b>	<b>13681</b>	<b>59164</b>
All Other Heart	3994	3698	3441	4290	15423
All Other Non Cardiac	1152	1502	1612	1403	5669
Intra-Cardiac or Coronary Artery	6760	6820	5652	4160	23392
PTCA	1540	1443	1340	1485*	5808
Stents	1470	1383	1293	1517	5663
Thrombolytic Therapy	735	884	764	826*	3209

\*signifies change in numbers that were reported on JAR exceptions are necessary due to changes in CPT and ICD9 code availability during software system conversion.

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## 13. Section C, Need, Item 6

Please complete the following historical utilization table for the latest three year Joint Annual Reporting period.

Response:

The table below is based on numbers reported in the respective JARs. Number of set up and staffed beds are from schedule F on page 23. Discharge Patient Days are from schedule G on page 24. Occupancy is the calculation:  $\text{days} / (\text{number of beds} \times 365)$ .

Hospital	2012			2013			2014		
	Beds	Days	Occ'y	Beds	Days	Occ'y	Beds	Days	Occ'y
Baptist Memorial Hospital	573	170,707	81.62%	545	163,128	82.00%	547	155,576	77.92%

The chart in item 6 is noted. However, please clarify what types of procedures are included in the table.

Response:

The table is based on procedures reported in the Joint Annual Report that were placed in the column indicated as "In Cath Lab Setting". When possible, the number reported in the Joint Annual Report has been adjusted to reflect procedures limited to the cardiac cath lab, which is the subject of this certificate of need application. The hospital has a mature heart program and procedures such as pacemakers can be performed in surgery or in other cath lab settings. Other cath lab settings include interventional radiology, which is in the radiology department, and electrophysiology, which is also associated with cardiac services but outside the traditional cardiac catheterization area.

What were the causes of utilization decline since 2012 and why does the applicant believe the decline will level off at 10,370 beginning in 2015?

Response:

As noted below the chart "CV Volume Growth Projections by Sub-Service Line" in the Application, Due to Drug Eluting Stents and other advancements in the field, the chart indicates a declining trend in Outpatient and Inpatient cardiac cath volume. A decrease in the number of inpatient and outpatient Caths on the top row is consistent with national trends. However, PTCA and Stents do not appear to be decreasing at the same rate and the number of All Other Non-Cardiac procedures that are done in the Cath Lab is substantial.

The new cardiac cath lab equipment will support cardiac and peripheral vascular catheterizations. Internal data show that the number of non-cardiac procedures is growing.

**14. Section C, Economic Feasibility Item 3**

Please provide the cost per square for renovation and total construction cost per square foot and compare the cost to other HSDA hospital renovation projects.

Total construction cost appears to be \$172 per PSF, rather than \$299 PSF. Please clarify.

**Response:**

The 2 applications that were referenced regarding charge comparisons did not involve comparable renovation. Both Erlanger East CN1502-005 and Dyersburg Regional Medical Center CN1403-007 involved adding miscellaneous clinical equipment with no renovation.

Since comparable projects are not available, the comparison will rely on the Hospital Construction Cost per Square Foot provided in the HSDA Applicant's Toolbox. The renovation appears reasonable using either the first approach that is \$171.82 per sq. ft. or Alternate 1 that is \$246.65 per sq.ft. that excludes the air handler. However, the letter from the architect verifies that the project cost is reasonable.

**Hospital Construction Cost Per Square Foot**

Years: 2012 – 2014		New	Total
Renovated Construction		Construction	Construction
1st Quartile	\$110.98/sq. ft.	\$224.09/sq. ft.	\$156.78/sq. ft.
Median	\$192.46/sq. ft.	\$259.66/sq. ft.	\$227.88/sq. ft.
3rd Quartile	\$297.82/sq. ft.	\$296.52/sq. ft.	\$298.66/sq. ft.

As stated in the response to question 7, the cost of the project including the air handler as shown in the square Footage chart, allocates the cost of the air-handler over the total area served in the project. The calculated cost is \$171.82845 =  $\boxed{\$171.82/\text{sq.}}$  or \$171.83 if cost is rounded up.

The air-handler is replacement equipment that will actually cover a broader area than the cath lab. However, allocating the cost only over the area that is part of the project is one way to provide an estimated cost per square foot for the project.

Alternate approaches to calculating the cost per square foot are to add the total cost of the renovated area and divide that total by the area which excludes the cost of the air handler. However, the air handler will be installed through the construction contract.

**Alternate 1:**

Excluding air handler:

$$(\$1,603,538 + \$191,597) / (5,381\text{sq.ft.} + 1,897\text{sq.ft.}) = \boxed{\$246.65/\text{sq.ft.}}$$

**Alternate 2:**

Including air handler but no inclusion of area covered:

$$(\$1,603,538 + \$191,597 + \$706,000) = \$2,501,135$$

$$\$2,501,135 / 7,278\text{sq.ft.} = \boxed{\$343.65/\text{sq.ft.}}$$

**15. Section C, Economic Feasibility Item 4****Historical Data Chart**

If the applicant is a non-profit hospital, why are there taxes assigned in the Historical Data Chart in 2012 (\$1,369,438), in 2013 (\$1,355,226), and 2014 (\$1,817,757).

**Response:**

Although BMH is a non-profit hospital, the entity owns Professional Office Buildings that are assessed property taxes. Those taxes comprise most of the amounts shown on the historical chart although some modest retail services are also taxed. The property assessment increased significantly from 2013 to 2014. Locations include 6025 and 6027 Walnut Grove Road, Memphis, TN, 55 Humphreys Center, Memphis TN, and 1111 Union Avenue, Memphis TN.

Why did Net operating Income drop from \$8,735,252 in 2012 to (\$51,468,237) in 2014?

**Response:**

Additional costs were associated with capitalizing the new information system project with additional training for all personnel and subsequent depreciation. Overall budgeted expenses increased during the period. Additional costs were for consultation involved in executing a revenue improvement project with supply expense reduction, labor optimization, length of stay optimization and electronic clinical documentation.

Please provide a Projected Data Chart for Baptist Memorial Hospital.

**Response:**

Charts for FY 2015 and FY 2016 are provided on the following page.

Why did Management Fees to Affiliates increase from \$59,039,856 in 2013 to \$77,132,582 in 2014.

**Response:**

Several revenue cycle functions were centralized to corporate. Prior to the centralization, the costs would have been in salary and benefits prior to 2014. As previously discussed, additional costs were involved for consultation involved in executing a revenue improvement project.

The clarify what is categorized as a "Loss on Asset Impairment" in the amount of \$10,275,321 in the Other Expenses Categories in 2014.

**Response:**

The expense was associated with a one-time write-off associated with a Specialist Clinic that became part of BMH-Memphis.

**Projected Data Chart**

Please clarify the reason cafeteria revenue is included in the Projected Data Chart. If needed, please revise and resubmit.

**Response:**

The word cafeteria was mistakenly written on the line before the chart was used and should have been deleted. The amount on the line is other revenue associated with services provided for related

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hospitals' patients. For example, patients may transfer from BMH-Tipton and BMH-Collierville to BMH-Memphis for a cardiac cath procedure at BMH-Memphis and return to the other hospital. BMH-Memphis would receive revenue from the other hospital and the other hospital would bill the patient.

**16. Section C, Economic Feasibility, Item 9**

The table providing Medicare and TennCare/Medicaid percent of Gross Revenue is noted. However, please clarify if the % of gross revenue of Medicare, TennCare/Medicaid is rounded.

**Response:**

If the question refers to rounding the amount up to the nearest percent, the answer is yes. Charity displays the largest rounded difference.

However, in reviewing the data an inadvertent omission was found. The amounts associated with the beginning and end of a procedure were not included. The accounting for the pre and post cath area is separate from the cath procedure records. The corrected chart is below with the format changed to allow decimals for clarity.

	Gross Revenue	% of Total
Category		
Medicare	107,301,269.08	65.83%
TennCare/Medicaid	6,247,166.12	3.83%
Self-Pay	3,762,768.54	2.31%
Charity	174,230.32	0.11%
Total Gross Revenue	163,001,370.00	

**17. Section C, Economic Feasibility, Item 10**

The unaudited financials are noted. However, please provide a copy of the audited financials ending September 30, 2014 as referenced in a March 4, 2015 letter from Deloitte.

**Response:**

Baptist Memorial Hospital does not receive a separate audit. It is part of the consolidated financials that are audited. The 2014 financials that are presented in the CON application represent the statements for BMH that were included in the consolidated audited financials ending September 30, 2014 referenced in the March 4, 2015 letter from Deloitte. Therefore, the audited 2014 financial statements that are available for BMH are already provided.



**18. Section C., Contribution to Orderly Development, Item 1**

Please list all existing health care providers, managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual agreements that are related to this proposed project.

**Response:**

The providers include those listed below and on the following pages.

Name
Advanced Health Systems, Inc.
Advanced Services, Inc.
Aetna Health, Inc.
American PPO, Inc.
Amerigroup
Arkansas Blue Cross Blue Shield
Arkansas Blue Cross Blue Shield - Health Advantage
Arkansas Blue Cross Blue Shield - MediPak Advantage PFFS
Arkansas Blue Cross Blue Shield - True Blue PPO (Exchange)
Arkansas Blue Cross Blue Shield - USable First Source
Babcock & Wilcox Company
Bankers Life & Casualty
Banyan Finance, LLC
Barinet
BCBS MS
BCBS TN Medicare Advantage
BCBST & BCBSA (BQCT Transplant Network)
BCBST (BMMC) DIRECT
BCBST Blue Care (BlueCare/TennCare Select)
BCBST Blue Network P
BCBST Blue Network S
BCBST BlueCoverTN
Bluegrass Family Health (Formerly Signature Health Alliance)
Bryce Corporation
Butler Snow, LLP
Calhoun County Board of Supervisors
CareCentrix
Century Management
Chapter 13 Trustees
Charms Company
Cigna Healthcare of Tennessee, Inc.
City of Clarksdale
Community Health Alliance Health Plan (CHA)

Competition Cams, Inc.  
 Cooper Realty Company  
 Correctional Medical Services, Inc.  
 Coventry Health Care Workers Compensation, Inc.(First Health)  
 Coventry Health Plan  
 Coventry Health Plan (HPN)  
 Dunavant Enterprises, Inc.  
 First Choice Health Plan of Mississippi, LLC  
 First Choice Health Plan of MS, LLC/Desoto County  
 Fox/Everett, Inc.  
 Gamma Healthcare  
 Guardsmark, LLC  
 Health Partners  
 Health Value Management, Inc. (ChoiceCare Network)  
 Health Value Management, Inc. d/b/a National Transplant Network  
 (Humana/ChoiceCare)  
 HealthSCOPE Benefits, Inc.  
 HealthSmart Benefit Solutions Inc.  
 HealthSmart Benefit Solutions, Inc. (Partner Solutions)  
 HealthSpring, Inc.  
 Humana Choice Care (Work Comp)  
 Humana Health Plans, Inc. (HMO/POS/EPO)  
 Humana Ins. Company - Medicare  
 Humana Military Healthcare Services, Inc. (Tricare - Champus)  
 Humphreys County Board of Supervisors  
 Kagome Creative Foods  
 LifeSynch  
 Littler Mendelson, PC  
 Magnolia Health Plan (Centene)  
 Magnolia Health Plan Commercial (EXCHANGE)  
 Magnolia Regional Health Center  
 Mental Health Associates, Inc. (MHNet)  
 Mid-South Transports, Inc.  
 Mississippi Health Partners  
 Mississippi Physicians Care Network (MPCN)  
 MultiPlan COE (Transplant)  
 MultiPlan, Inc.  
 NaphCare  
 North Mississippi Health Link, Inc.  
 NovaNet PPO, LLC (Group Health)  
 NovaNet PPO, LLC (Work Comp.)  
 Novasys Health Network  
 OptumHealth Care Solutions

PPOplus, LLC/Stratose  
 Provider Select, Inc.  
 QCA Health Plan Inc. (Formerly QualChoice)  
 Regional One Health  
 Rhodes College  
 Seabrook Wallcoverings  
 St. Jude Children's Research Hospital  
 Standard Construction Company, Inc.  
 Strategic Health Development Corporation (Transplant Network)  
 Tate County Board of Supervisors (Prisoners)  
 Tennessee Breast & Cervical Screening Program  
 Tishomingo County Board of Supervisors  
 TriWest Healthcare Alliance Corporation  
 United Healthcare Community Plan of TN (TennCare)  
 United HealthCare Student Resources  
 University of MS Athletic Dept  
 USA Managed Care Organization, Inc.  
 USA Managed Care Organization, Inc-SeniorCare  
 V. Alexander & Company, Inc.  
 Value Options Federal Services Inc. (TRICARE)  
 Veterans Evaluation Services  
 Washington County Board of Supervisors  
 Williams Sausage Company  
 Windsor Health Plan of TN, Inc.  
 Windsor Home Care Network, LLC  
 Windsor Sterling Life Insurance Company  
 Wood & Associates  
 Yazoo County Board of Supervisors

**19. Section C., Contribution to Orderly Development, Item 3**

The table of the staffing pattern is noted. Please provide a total of all FTEs. Please clarify if the total will remain the same from current staffing levels.

Response:

The list of FTE's provided in the application includes clinical jobs. The complete list of filled positions and unfilled positions is below with the FTE for each position indicated

Staffing levels are adjusted according to number of patient visits.

Position	FTE
10010096: MANAGER-CARDIAC & CATH LAB	1
23500321: NURSE-REGISTERED PRN II	0.2
23500267: NURSE-REGISTERED PRN II	0.40
23400247: NURSE-HEAD	0.90
30270007: TECHNOLOGIST-CARDIAC LAB I	0.9
33070001: LPN-EXPANDED II CARDIO	0.9
23400020: NURSE-HEAD	1.00
23400025: NURSE-HEAD	1
30100001: TECHNOLOGIST-SPECIALS LEAD	1
33010025: LPN-EXPANDED II	1.00
50000045: COORDINATOR-HEALTH UNIT	1.00
50050015: REPRESENTATIVE- ADMIS/CERTIFIED	1.00
90180024: ASSISTANT-PATIENT CARE	1.00
30270003: TECHNOLOGIST-CARDIAC LAB II	2
30160010: TECHNOLOGIST-SPECIALS	2.50
23504364: NURSE-REGISTERED	2.98
23500074: NURSE-REGISTERED	8.3
30160001: TECHNOLOGIST-SPECIALS	8.52
23500061: NURSE-REGISTERED	13.04
Current TOTAL FTE	48.44

The list of unfilled positions is below.

21260001: SPECIALIST-INFORMATION SYSTEMS	0
23500598: NURSE-REGISTERED PRN I	0
23504366: NURSE-REGISTERED PRN II	0
30000001: ANALYST-REVENUE	0
30000001: ANALYST-REVENUE	0
30000001: ANALYST-REVENUE	0
30000014: ANALYST-REVENUE	0
33070002: LPN-EXPANDED II CARDIO	0
50000051: COORDINATOR-HEALTH UNIT	0

**20. Section C., Contribution to Orderly Development, Item 7.c.**

Please clarify if there have been any licensure surveys in the past 3 years. If so, please provide a copy of the survey and correspondence.

Please provide a copy of the latest Joint Commission survey with an approved plan of correction.

Response:

There have been no licensure surveys within the past 3 years. An approved plan of joint Commission correction is provided. The list is several pages due to inclusion of all 3 BMH campuses. Pages have been selected if BMH-Memphis was involved. No CMS corrections are identified.

**Baptist Memorial Hospital - Memphis**

Organization ID: 7869

6019 Walnut Grove Road Memphis, TN 38120

Accreditation Activity - 60-day Evidence of Standards Compliance Form

Due Date: 8/10/2014

**HAP Standard EC.02.03.05**

**The hospital maintains fire safety equipment and fire safety building features. Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.**

**Findings** EP 3 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis- Collierville Campus (1500 West Poplar, Collierville, TN) site for the Hospital deemed service. The annual testing documentation results for the 3rd floor electromechanical releasing devices (door holders) didn't include an inventory of devices. Observed in Building Tour at Baptist Memorial Hospital Memphis- Collierville Campus (1500 West Poplar, Collierville, TN) site for the Hospital deemed service. The annual testing documentation results for the 2nd floor electromechanical releasing devices (door holders) didn't include an inventory of devices. EP 15 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5

U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The monthly inspection documentation for the fire extinguishers located of the 4th and 5th floor respectively, didn't include the year. There were two years printed on the inspection tag 2013 and 2014. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The monthly inspection documentation for the fire extinguishers located of the 2nd and 3rd floor respectively, didn't include the year. There were two years printed on the inspection tag 2013 and 2014.

#### Elements of Performance:

3. Every 12 months, the hospital tests duct detectors, electromechanical releasing devices, heat detectors, manual fire alarm boxes, and smoke detectors. The completion date of the tests is documented. Note: For additional guidance on performing tests, see NFPA 72, 1999 edition (Table 7-3.2).

Scoring Category: C

Corrective Action Taken:

WHO:

Director of Facility Services

WHAT:

The vendor responsible for the annual testing and documentation of results of the testing on electromechanical releasing devices (door holders) was contacted and an inventory of devices was made available for the 38 door holders tested.

WHEN:

6/30/2014 Device list made available and new expectations of ongoing device listing in each annual report were communicated to the vendor, Siemens.

HOW:

The device listing is now a core part of the annual report received from the vendor. Director of Facilities monitors report for accuracy.

15. At least monthly, the hospital inspects portable fire extinguishers. The completion dates of the inspections are documented. Note 1: There are many ways to document the inspections, such as using bar-coding equipment, using check marks on a tag, or using an inventory. Note 2: Inspections involve a visual check for the presence and correct type of extinguisher, broken parts, full charge, and ease of access. Note 3: For additional guidance on inspection of fire extinguishers, see NFPA 10, Standard for Portable Fire Extinguishers, 1998 edition (Sections 1-6, 4-3, and 4-4).

Scoring Category: C

Corrective Action Taken:

WHO:

Director of Facility Services at each campus

WHAT:

The vendor that monthly inspects Baptist Memphis' fire extinguishers now includes the day, month and year of the inspection on the inspection tag. The inspection tag has a yearly log that allows this information to be easily and accurately recorded.

WHEN:

06/30/2014 The vendor was contacted while surveyors were on site and the appropriate labeling of the inspection tags for 100% of extinguishers was completed on 06/30/2014.

HOW:

Designated plant operations personnel monitors the vendor inspection, including the recording of the day, month, and year of 100% of fire extinguishers inspected beginning with June 2014 inspection x 4 inspection periods.

Evaluation 1. Sample size: 100% of fire extinguishers 2. This will be monitored monthly for Method: four consecutive months. 4. The denominator equals the total number of fire extinguishers throughout the building. 5. The numerator equals the number of extinguishers that were monitored and the tag contained the appropriate information including day, month, and year. 6. The data will be reported monthly to the Quality Committee.

Measure of  
Success Goal 95  
(%):

**HAP Standard EC.02.06.01**

**The hospital establishes and maintains a safe, functional environment. Note: The environment is constructed, arranged, and maintained to foster patient safety, provide facilities for diagnosis and treatment, and provide for special services appropriate to the needs of the community.**



Findings: EP 13 §482.41(c)(4) - (A-0726) - (4) There must be proper ventilation, light, and temperature controls in pharmaceutical, food preparation, and other appropriate areas. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site for the Hospital deemed service. The airflow in the sterile processing decontamination room was positive to the surrounding corridor. §482.41(a) - (A-0701) - §482.41(a) Standard: Buildings The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured. This Standard is NOT MET as evidenced by: Observed in Tracer Activities at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site for the Hospital deemed service. The relative humidity in one of the operating rooms was found to be 66%, above the 60% recommended by the FGI Guidelines and above the 65% limit set by facilities management for notification of the OR staff. This was corrected during the survey.

#### Elements of Performance:

13. The hospital maintains ventilation, temperature, and humidity levels suitable for the care, treatment, and services provided.

#### Scoring Category: A

#### Corrective Action Taken:

##### WHO:

Director of Facility Services at each campus

##### WHAT:

All air Pressure issues were corrected on site. Airflow checks have been added to the monthly preventative maintenance schedule. This allows negative and positive pressure concerns to be identified and corrected in timely fashion. Tissue test is a mandatory part of the preventative maintenance checks. All staff performing airflow checks can demonstrate the tissue test and verbalize rationale. Actions were taken to meet AORN standard for humidity percentages. AORN states that humidity standard should read between 30% and 60%. Settings were changed to meet compliance. Plant Operations Department continues to monitor this to ensure compliance. The vendor responsible for the computerized tracking system educated all Plant Operation personnel on the computerized tracking system. Also, the vendor activated an audible alarm on this system to alert the staff of a humidity issue.

##### WHEN:

Air flow issues corrected on site and verified. Additional staff training completed re audible alarms and tracking system on July 18th, 2014.

##### HOW:

The Plant Operations staff will do airflow checks as part of the monthly preventative maintenance schedule. Also, the vendor activated an audible alarm on this system to alert the staff of a humidity issue.

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**HAP Standard LS.02.01.10 Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.**

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Findings EP 4 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire rating label for the fire door at the entrance to stairwell #4 level 3 was covered with paint. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire rating label for the fire doors at the entrance to stairwell #7 level 2 was covered with paint. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire door at the entrance to stairwell #4 level 2 had screw type penetrations located at the top of the door. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire door at the entrance to stairwell #5 level 2 had screw type penetrations located at the top of the door. EP 5 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to

announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire door at the entrance to stairwell #5 level 4 didn't latch during the functional test. A staff person removed tape from the door latch during survey; thus, allowing said door to latch. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire door at the entrance to stairwell #6 level 4 didn't latch during the functional test. A staff person removed tape from the door latch during survey; thus, allowing said door to latch.

**Elements of Performance:**

4. Openings in 2-hour fire-rated walls are fire rated for 1 1/2 hours. (See also LS.02.01.20, EP 3; LS.02.01.30, EP 1) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1)

**Scoring Category: A**

**Corrective Action Taken:**

**WHO:**

Director of Facility Services on each campus

**WHAT:**

Corrected on site. Penetrations sealed with fire proof caulk. Plant operations staff removed the paint from the existing fire rating labels so the rating on the doors in question could be easily viewed.

**WHEN:**

Corrected on site. Facilities personnel responsible for fire door inspections were trained on the appropriate surveillance and documentation on the "Fire Door Checklist". Training completed 07/14/2014.

**HOW:**

The quarterly "Fire Door Inspection Checklist" now includes checks for visible and readable fire rating labels as well as penetrations and positive latching.

5. Doors required to be fire rated have functioning hardware, including positive latching devices and self-closing or automatic-closing devices. Gaps between meeting edges of door pairs are no more than 1/8 inch wide, and undercuts are no larger than 3/4 inch. (See also LS.02.01.30, EP 2; LS.02.01.34, EP 2) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1, 8.2.3.2.1 and NFPA 80-1999: 2-4.4.3, 2-3.1.7, and 1-11.4)

**Scoring Category: C**

**December 23, 2015****11:46 am**

Corrective Action Taken:

WHO:

Director of Facility Services on each campus

WHAT:

Fixed on site. A staff person removed tape from the door latch during survey; thus, allowing said door to latch.

WHEN:

06/02/2014 Fixed on site 06/30/2014 Nurse managers and Charge nurses instructed to report any door that does not appropriately close and latch during daily environment of care rounds.

HOW:

Closing and latching are observations that are included in the quarterly fire door inspections. Nursing and other ancillary staff have been instructed to report any door that does not appropriately close and latch during daily environment of care rounds.

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**HAP Standard LS.02.01.20 The hospital maintains the integrity of the means of egress.**

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Findings : EP 29 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to:  
[http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site for the Hospital deemed service. The stairwell signage located in stairwell #1 didn't include the top and bottom floors. Observed in Building Tour at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site for the Hospital deemed service. The stairwell signage located in stairwell #4 didn't include the top and bottom floors.

**Elements of Performance:**

29. Stairs serving five or more stories have signs on each floor landing in the stairwell that identify the story, the stairwell, the top and bottom, and the direction to and story of exit discharge. The signs are placed 5 feet above the floor landing in a position that is easily visible when the door is open or closed. (For full text and any exceptions, refer to NFPA 101-2000: 7.2.2.5.4)

**Scoring Category:** C

**Corrective Action Taken:**

**WHO:**

Director of Facility Services at each campus

**WHAT:**

Each stairwell has been fitted for signage indicating 1 of 5, 2 of 5, etc., so that in the event the building has to be evacuated or there is emergency movement for whatever reason, the stairwells are clearly marked. Temporary signage has been placed until the new signs arrive.

**WHEN:**

Temporary signage placed 06/04/201. Permanent signage ordered on 6/30/14. Permanent signage installed by July 30, 2014.

**HOW:**

Stairwell signage has been added to checklist for EOC rounds. LS officer ensures that temporary signage is secure and incorporates these signage indicators as mock emergency actions are rehearsed.

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**The hospital provides and maintains building features  
HAP Standard LS.02.01.30 to protect individuals from the hazards of fire and  
smoke.**

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**Findings** EP 11 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to:  
[http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are

incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The sliding glass doors to patient rooms 5441, 5443, 5442, 5445, and 5440 didn't latch during the functional test. Said patient doors weren't equipped with latching hardware. The unit wasn't designated as suite on the life safety drawings. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The sliding glass doors to patient rooms 5233, 5531, 5235, and 5237 didn't latch during the functional test. Said patient doors weren't equipped with latching hardware. The unit wasn't designated as suite on the life safety drawings. Observed in Individual Tracer at Baptist Memorial Hospital Memphis- Collierville Campus (1500 West Poplar, Collierville, TN) site for the Hospital deemed service. The sliding glass doors to Rooms 12 and 13 in the Emergency Department did not latch during the functional test. These patient doors were not equipped with latching hardware. The department was not designated as suite on the life safety drawings.

#### Elements of Performance:

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable. Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)

#### Scoring Category: C

#### Corrective Action Taken:

##### WHO:

Director of Facility Services at each campus

##### WHAT:

6/30/2014 Architects were contacted to revise facility plans designating non-compliant areas as suites per surveyor consultative recommendation. Subsequently it was discovered that the total square footage was outside the parameters for designation. 07/03/2014 PO# 20732-2110 was issued ordering latching hardware that keeps the doors closed when a force of 5 foot-pounds are applied to the edge of the door. New positive latching doors were ordered for ED Rooms 12 and 13 at the Collierville Campus 07/07/2014 Above issues written as PFI's into the Statement of Conditions. Expected install time is on or before August 31, 2014.

##### WHEN:

6/30/2014 Architects were contacted to revise facility plans designating non-compliant areas as suites per surveyor consultative recommendation. Subsequently it was discovered that the total square footage was outside the parameters for designation. 07/03/2014 PO# 20732-2110 was issued ordering latching hardware that keeps the doors closed when a force of 5 foot-pounds are

applied to the edge of the door. New positive latching doors were ordered for ED Rooms 12 and 13 at the Collierville Campus 07/07/2014 Above issues written as PFI's into the Statement of Conditions. Expected install time is on or before August 31, 2014:

HOW:

Monthly reports of all open PFI's and plan for resolution are presented at Eveready Committee each month.

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**HAP Standard LS.02.01.35 The hospital provides and maintains systems for extinguishing fires.**

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Findings : EP 4 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. There was a cable bundle draped over the sprinkler pipe located above the ceiling outside of patient room 5375. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. There was a cable bundle draped over the sprinkler pipe located above the ceiling outside of the entrance to 5 West. EP 14 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html). Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are

incorporated by reference, CMS will publish notice in the Federal Register to announce the changes. This Standard is NOT MET as evidenced by: Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire sprinkler escutcheon plate located outside of room 5246 wasn't affixed to the ceiling. The gap was greater than 1/8 inch. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire sprinkler located outside of room 4356 was missing an escutcheon plate. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire sprinkler located outside of the ED cardiac lab was missing an escutcheon plate. Observed in Building Tour at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. The fire sprinkler located at the entrance to the ED Pediatrics and Adolescent unit was missing an escutcheon plate. Observed in Individual Tracer at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. During a tracer in the dialysis ROI (water closet) area it was noted that there were two missing ceiling tiles.

**Elements of Performance:**

4. Piping for approved automatic sprinkler systems is not used to support any other item. (For full text and any exceptions, refer to NFPA 25-1998: 2-2.2)

**Scoring Category: C**

**Corrective Action Taken:**

**WHO:**

Director of Facility Services at each campus

**WHAT:**

06/03/2014 - Fixed on site. 06/30/2014 - Staff conducting this inspection are educated on insuring the automatic sprinkler system is not used to support other items

**WHEN:**

06/03/2014 - Fixed on site. 06/30/2014 - Staff conducting this inspection are educated on insuring the automatic sprinkler system is not used to support other items

**HOW:**

Monitoring of this issue has been added to the "above the ceiling penetration" inspections. Staff conducting this inspection is educated on insuring the automatic sprinkler system is not used to support other items.

14. The hospital meets all other Life Safety Code automatic extinguishing requirements related to NFPA 101-2000: 18/19.3.5.



Scoring Category: C

Corrective Action Taken:

WHO:

Director of Facility Services at each campus.

WHAT:

06/03/2014 - Corrected on site. 06/30/2014 - Environment of Care rounding used to identify missing escutcheon plates and missing ceiling tiles. Rounds are conducted at least monthly by department managers and the Clean Rounds team to help identify and initiate corrective actions.

WHEN:

06/03/2014 - Corrected on site. 06/30/2014 - Environment of Care rounding used to identify missing escutcheon plates and missing ceiling tiles.

HOW:

Rounds are conducted at least monthly by department managers and the Clean Rounds team to identify and initiate corrective actions.

---

**HAP Standard MM.03.01.01 The hospital safely stores medications.**

---

Findings: EP 2 Observed in Individual Tracer at Stern Cardiovascular Clinic Outpatient Diagnostics (8060 Wolf River Boulevard, Germantown, TN) site. While touring the CT Scan room, it was noted that the contrast warmer temperature log was not completed on weekends when the clinic was closed. In discussion with the staff, it was determined that the medication was not removed from the warmer and that there was not a mechanism in place to determine the minimum and maximum temperatures of the warmer during times the clinic was closed. Observed in Individual Tracer at Stern Cardiovascular Clinic Outpatient Diagnostics (8060 Wolf River Boulevard, Germantown, TN) site. While touring the nuclear medicine department, it was noted that an emergency cart contained 50ml bags of iv solution with the overwrap removed. The bags did not have an updated expiration date affixed to the bag to reflect the new expiration date outlined by the manufacturer. Observed in Tracer Activities at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site. Outdated irrigation fluid was found in a cabinet warmer within the operating room suite. Observed in Tracer Activities at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site. Hospital policy was to store irrigation fluids at a temperature no greater than 110 degrees F. Fluid in a plastic pour bottle was found in one cabinet warmer within the operating room suites at a temperature of 190 degrees F.

Elements of Performance:

2. The hospital stores medications according to the manufacturers' recommendations or, in the

absence of such recommendations, according to a pharmacist's instructions.

Scoring Category: C

Corrective Action Taken:

WHO:

The Director of Pharmacy at each campus

WHAT:

06/05/2014 A NIST Traceable MIN/MAX Recording Thermometer with alarm, date/time stamp, and traceable certificate was ordered, delivered, and installed on the contrast warmer. The recordings are available for 72-hours providing adequate information for weekend oversight. Staff have been trained in the use of the device and the log recording requirements. 50ml bags of IV solution were being delivered in bags of 4 with a common overwrapping. The vendor was contacted and the standard order was changed to require individually wrapped bags with expiration dates on each bag. 07/10/2014 All warming units at BMH-Memphis campus were evaluated for appropriate utilization based on manufacturer's guidelines. Fluid was removed from all warmers without a specific fluid chamber and rating. Dual chamber warmers (fluid on top, blankets on bottom) were procured to replace all single chamber warmers. All fluid warmers are connected to TempTrac, the electronic monitoring software, which alerts the Plant Observation staff who is responsible 24-hours per day.

WHEN:

06/05/2014 A NIST Traceable MIN/MAX Recording Thermometer with alarm, date/time stamp, and traceable certificate was ordered, delivered, and installed on the contrast warmer. The recordings are available for 72-hours providing adequate information for weekend oversight. Staff have been trained in the use of the device and the log recording requirements. 50ml bags of IV solution were being delivered in bags of 4 with a common overwrapping. The vendor was contacted and the standard order was changed to require individually wrapped bags with expiration dates on each bag. 07/10/2014 All warming units at BMH-Memphis campus were evaluated for appropriate utilization based on manufacturer's guidelines. Fluid was removed from all warmers without a specific fluid chamber and rating. Dual chamber warmers (fluid on top, blankets on bottom) were procured to replace all single chamber warmers. All fluid warmers are connected to TempTrac, the electronic monitoring software, which alarms the Plant Observation staff who is responsible 24-hours per day.

HOW:

Clean Team rounds focus on this issue x 120 days. Temp Trac logs are audited daily For off-site locations: Bi-weekly rounds by the Director of Pharmacy and/or designee are conducted x 2 months and then monthly x 2 months to assure continued compliance. Bi-weekly rounds by the Director of Radiology and/or designee are conducted x 2 months and then monthly x 2 months to assure continued compliance.

Evaluation 1. Sample size: All Medication storage areas at Stern Cardiovascular and GI

Method: Specialists. All fluid warmers at Baptist Memphis Campus 2. Designated areas will be monitored via the TempTrak software daily for out of range alarms. The NIST traceable thermometer will be used for off-site areas and reports monitored M-F including historical data from the weekends every Monday A.M. 3. This will

be monitored daily for four consecutive months. 4. The denominator equals the total number of temp probes reviewed. 5. The numerator equals the number of probes which remained within acceptable range 6. The data will be reported monthly to the Quality Committee.

Measure of  
Success Goal 90  
(%):

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**HAP Standard NPSG.07.04.01** **Implement evidence-based practices to prevent central line-associated bloodstream infections.**  
**Note: This requirement covers short- and long-term central venous catheters and peripherally inserted central catheter (PICC) lines.**

---

**Findings:** EP 4 Observed in Infection Control Tracer at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site. The organization implemented an EMR in March 2014. A result of the conversion was the inability to produce reports that provided information on central line days for each of the three hospitals covered under one CCN. There was no manual process in place to collect usage data.

**Elements of Performance:**

4. Conduct periodic risk assessments for central line-associated bloodstream infections, monitor compliance with evidence-based practices, and evaluate the effectiveness of prevention efforts. The risk assessments are conducted in time frames defined by the hospital, and this infection surveillance activity is hospitalwide, not targeted.

**Scoring Category:** A

**Corrective Action Taken:**

**WHO:**

The Chief Executive Officer

**WHAT:**

Collaborative efforts between our Theradoc vendor and Epic Systems continued in an effort to map and migrate data until July 17th, when > 99% accuracy was demonstrated in the test population. A manual prevalence study was completed on July 25th to validate the Epic report that is being sent to Theradoc. This manual study technique will be used in the event of EHR downtime.

**WHEN:**

Collaborative efforts between our Theradoc vendor and Epic Systems continued in an effort to map and migrate data until July 17th, when > 99% accuracy was demonstrated in the test

population. A manual prevalence study was completed on July 25th to validate the Epic report that is being sent to Theradoc. This manual study technique will be used in the event of EHR downtime.

**HOW:**

The Director of Infection Control oversees the daily reconciliation process until high-reliability is achieved.(> 99% accuracy x 120 days)

---

**HAP Standard NPSG.07.06.01** **Implement evidence-based practices to prevent indwelling catheter-associated urinary tract infections (CAUTI). \* Note: This NPSG is not applicable to pediatric populations. Research resulting in evidence-based practices was conducted with adults, and there is no consensus that these practices apply to children. Footnote \*: Evidence-based guidelines for CAUTI are located at: Compendium of Strategies to Prevent Healthcare-Associated Infections in Acute Care Hospitals at, <http://www.shea-online.org/about/compendium.cfm> and Guideline for Prevention of Catheter-associated Urinary Tract Infections, 2009 at [http://www.cdc.gov/hicpac/cauti/001\\_cauti.html](http://www.cdc.gov/hicpac/cauti/001_cauti.html)**

---

**Findings:** EP 3 Observed in Infection Control Tracer at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site. The organization implemented an EMR in March 2014. The conversion resulted in the inability of the organization to track foley day usage for each of their 3 hospitals. There was no manual process in place to provide this usage data.

**Elements of Performance:**

3. Measure and monitor catheter-associated urinary tract infection prevention processes and outcomes in high-volume areas by doing the following: - Selecting measures using evidence-based guidelines or best practices - Monitoring compliance with evidence-based guidelines or best practices - Evaluating the effectiveness of prevention efforts Note: Surveillance may be targeted to areas with a high volume of patients using in-dwelling catheters. High-volume areas are identified through the hospital's risk assessment as required in IC.01.03.01, EP 2.

**Scoring Category:** A

**Corrective Action Taken:**

**WHO:**

The Chief Executive Officer

**WHAT:**

Collaborative efforts between our Theradoc vendor and Epic Systems continued in an effort to map and migrate data until July 17th, when > 99% accuracy was demonstrated in the test population. A manual prevalence study was completed on July 25th to validate the Epic report that is being sent to Theradoc. This manual study technique will be used in the event of EHR downtime.

**WHEN:**

Collaborative efforts between our Theradoc vendor and Epic Systems continued in an effort to map and migrate data until July 17th, when > 99% accuracy was demonstrated in the test population. A manual prevalence study was completed on July 25th to validate the Epic report that is being sent to Theradoc. This manual study technique will be used in the event of EHR downtime.

**HOW:**

The Director of Infection Control oversees the daily reconciliation process until high-reliability is achieved. (> 99% accuracy x 120 days)

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**HAP Standard PC.02.02.03 The hospital makes food and nutrition products available to its patients.**

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**Findings:** EP 6 Observed in Tracer Activities at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site. The kitchen documents the food temperature for each meal after removal from the warmers for the cafeteria hot line. The temperature checks were missing for the dinner meal on the following days: 5/14/14, 5/15/14, 5/19/14, 5/20/14 and 6/4/14. Observed in Tracer Activities at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site. The kitchen documents the food temperature for each cafeteria meal after removal from the warmer or refrigerator. The temperature checks were missing for the hot food served at lunch on the following days: 5/17/14 and 5/18/14. The temperature checks were missing for the salad bar food for the dinner meal on 5/20/14.

**Elements of Performance:**

6. The hospital prepares food and nutrition products using proper sanitation, temperature, light, moisture, ventilation, and security.

**Scoring Category:** C

**Corrective Action Taken:****WHO:**

The Director of Food and Nutrition Services at each campus

**WHAT:**

Reviewed and revised temperature logs. Dietician provided mandatory staff education on the rationale and importance of monitoring food temperatures. Updated the Food and Nutrition Supervisor's tasks to include daily monitoring of temperature logs and weekly cataloging. Require that F&N Manager sign off on all temperature logs before cataloging each week. Director of F&N spot checks process as part of weekly Safety and Sanitation rounds. All responsible staff required to complete mandatory training on the temperature monitoring process.

**WHEN:**

Reviewed and revised temperature logs - 06/11/2014 Dietitian provided mandatory staff education on the rationale and importance of monitoring food temperatures. - Completed by 07/16/2014 Updated the Food and Nutrition Supervisor's tasks to include daily monitoring of temperature logs and weekly cataloging. - 06/30/2014 Require that F&N Manager sign off on all temperature logs before cataloging each week. - 06/30/2014 Director of F&N spot checks process as part of weekly Safety and Sanitation rounds. - Ongoing All responsible staff required to complete mandatory training on the temperature taking process. - 07/16/2014

**HOW:**

Updated the Food and Nutrition Supervisor's tasks to include daily monitoring of temperature logs and weekly cataloging. Required that F&N Manager sign off on all temperature logs before cataloging each week. Director of F&N spot checks process as part of weekly Safety and Sanitation rounds.

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**HAP Standard PC.02.03.01** The hospital provides patient education and training based on each patient's needs and abilities.

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**Findings:** EP 1 Observed in Individual Tracer at GI Specialists (80 Humphreys Center Dr. #200, Memphis, TN) site. In reviewing the medical record of a patient undergoing an outpatient GI procedure, it was noted that the patients learning needs were not assessed to determine any barriers to learning or the preferred learning style of the patient. Observed in Individual Tracer at Baptist Women's Health Center (50 Humphreys Boulevard, Suite 23, Memphis, TN) site. In reviewing the medical record of a patient having a breast biopsy performed, it was noted that the patients preferred learning style and any potential barriers to learning were not documented.

**Elements of Performance:**

1. The hospital performs a learning needs assessment for each patient, which includes the patient's cultural and religious beliefs, emotional barriers, desire and motivation to learn, physical or cognitive limitations, and barriers to communication.

Scoring Category: C

Corrective Action Taken:

WHO:

The Chief Nursing Officer

WHAT:

June 3, 2014 The Baptist One Care (EHR) outpatient module was revised while survey team was on site by adding a field entitled "patient education" and pushing the education assessment criteria into that field which includes, but is not limited to: learning needs barriers to learning preferred learning style A rapid staff communication tool, referred to as a "Tip Sheet" was distributed to all outpatient areas and staff were educated on the additional fields.

WHEN:

June 3, 2014 The Baptist One Care (EHR) outpatient module was revised while survey team was on site by adding a field entitled "patient education" and pushing the education assessment criteria into that field which includes, but is not limited to: learning needs barriers to learning preferred learning style A rapid staff communication tool, referred to as a "Tip Sheet" was distributed to all outpatient areas and staff were educated on the additional fields.

HOW:

Ongoing monitoring activities are conducted using the following: Baptist One Care generates an assessment report that flags missing assessment criteria. These reports are reviewed daily by the Unit Manager or designee for compliance and correction. Monthly reports are generated to monitor for overall compliance.

Evaluation 1. Sample size: 70 Outpatients per month from each of the three campuses (total Method: sample size 210/month) 2. This is monitored monthly for four consecutive months. 3. The denominator equals the total number of cases sampled from all three facilities 4. The numerator equals the number of records in which educational assessment and specifically "preferred learning style" was documented 5. The data is reported monthly to the Quality Committee.

Measure of  
Success Goal 90  
(%):

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**HAP Standard RC.01.01.01** The hospital maintains complete and accurate medical records for each individual patient.

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Findings: EP 19 §482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures. This Standard is NOT MET as evidenced by: Observed in Individual Tracer at Baptist Memorial Hospital Memphis - Memphis

Campus (6019 Walnut Grove Road, Memphis, TN) site for the Hospital deemed service. A pre-sedation assessment for a patient who had a CT Angiogram was not dated or timed by the physician. Observed in Individual Tracer at Baptist Memorial Hospital Memphis- Collierville Campus (1500 West Poplar, Collierville, TN) site for the Hospital deemed service. A consent form for surgery was not timed by the surgeon. Observed in Individual Tracer at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site for the Hospital deemed service. The consent for photography, video and audio taping was signed and dated on 5/31/14 by the patient and L&D nurse but the entry was not timed. Observed in Individual Tracer at Baptist Memorial Hospital Memphis - Women's Campus (6225 Humphreys Blvd., Memphis, TN) site for the Hospital deemed service. A consent for a circumcision was signed and dated by the patient's mother and the L&D Nurse, the entry was not timed. In addition, the general consent for treatment for the same patient was signed and dated but the entry was not timed.

**Elements of Performance:**

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.

**Scoring Category: C****Corrective Action Taken:****WHO:**

The Chief Executive Officer

**WHAT:**

Circumcision form did not have a field that prompted documentation of the time. An updated form was approved in February 2014. Managers were instructed to order new forms and discard all old stock that did not have the space provided for time. Childbirth Photography English and Spanish were updated to include "time" by "signature" field. Managers were instructed to order new forms and discard all old stock that did not have the space provided for time. Keeping your Infant Safe Information sheet was revised to add time to signature lines on both the English and Spanish version. Managers were instructed to order new forms and discard all old stock that did not have the space provided for time. Pre-sedation assessments are electronic and part of the EHR. Therefore, they are dated and timed stamped on completion. An educational offering has been sent to all Medical Staff informing them that when paper forms are used during downtime, the expectation is that all entries are signed and that the authentication includes date and time. An Educational Flyer has been distributed to clinical areas and posted on Women's Campus homepage, educational boards, and added to the weekly newsletter.

**WHEN:**

07/03/2014 - Circumcision form did not have a field that prompted documentation of the time. An updated form was approved in February 2014. Managers were instructed to order new forms and discard all old stock that did not have the space provided for time. 07/03/2014 - Childbirth Photography English and Spanish were updated to include "time" by "signature" field. Managers were instructed to order new forms and discard all old stock that did not have the



space provided for time. 07/03/2014 - Keeping your Infant Safe Information sheet was revised to add time to signature lines on both the English and Spanish version. Managers were instructed to order new forms and discard all old stock that did not have the space provided for time. 07/24/2014 - Pre-sedation assessments are electronic and part of the EHR. Therefore, they are dated and timed stamped on completion. An educational offering has been sent to all Medical Staff informing them that when paper forms are used during downtime, the expectation is that all entries are signed and that the authentication includes date and time. 07/17/2014 - An Educational Flyer has been distributed to clinical areas and posted on Women's Campus homepage, educational boards, and added to the weekly newsletter.

**HOW:**

Forms maintained in paper format are kept in the chart that is audited at midnight each day for accuracy including dating and timing of orders.

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**HAP Standard RI.01.03.01 The hospital honors the patient's right to give or withhold informed consent.**

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**Findings:** EP 13 Observed in Individual Tracer at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site. During tracer activity in the stress testing area, the nuclear med tech indicated that she explained the procedure to the patient and obtained the patient's signature on the consent form. The cardiologist who was present for testing did not have involvement in the consent process. This method of obtaining consent is not consistent with the organization policy or the Medical Staff Rules and Regulations. The rules and regulations, section 2.2 Consent for Treatment, B. Informed consent states, "The responsible physician performing any diagnostic, therapeutic, interventional, invasive, or surgical procedure is required to obtain the patient's informed consent prior to the procedure, therapy or infusion and document such consent in the patient's medical record." Observed in Individual Tracer at Baptist Memorial Hospital Memphis - Memphis Campus (6019 Walnut Grove Road, Memphis, TN) site. In discussion with staff and review of the record of a patient who had a bronchoscopy, the staff was unable to locate information in the record that the physician had provided informed consent as specified in the medical staff rules and regulations. The rules and regulations, section 2.2 Consent for Treatment, B. Informed consent states, "The responsible physician performing any diagnostic, therapeutic, interventional, invasive, or surgical procedure is required to obtain the patient's informed consent prior to the procedure, therapy or infusion and document such consent in the patient's medical record."

**Elements of Performance:**

13. Informed consent is obtained in accordance with the hospital's policy and processes and, except in emergencies, prior to surgery. (See also RC.02.01.01, EP 4)

Scoring Category: C

Corrective Action Taken:

WHO:

The Chief Medical Officer

WHAT:

07/08/2014 BMH-Memphis Campus Medical Staff Leadership Council voted unanimously to adopt the same informed consent form in use at the Collierville and Women's Campuses. This form, titled "Authorization for Surgery, and/or Special Procedures, and/or Sedation/Anesthesia" was noted during survey to meet all required elements. 07/10/2014 An electronic solution to Informed Consent in the EHR was completed. A "Smart Phrase" containing all required elements was developed and added to the physician "Note" section. Physicians can access the appropriate language by typing ". consent" into the search field and the appropriate documentation is added to their progress notes under the "Plan" heading. The form, titled "Authorization for Surgery, and/or Special Procedures, and/or Sedation/Anesthesia" continues as the form of choice in downtime situations 07/17/2014 Physician education on both options was deployed in writing to the Medical Staff. Education included: A memo from the CMO Copy of the form "Authorization for Surgery, and/or Special Procedures, and/or Sedation/Anesthesia" Screen shots from the EHR of the "Smart Phrase" option.

WHEN:

07/08/2014 BMH-Memphis Campus Medical Staff Leadership Council voted unanimously to adopt the same informed consent form in use at the Collierville and Women's Campuses. This form, titled "Authorization for Surgery, and/or Special Procedures, and/or Sedation/Anesthesia" was noted during survey to meet all required elements. 07/10/2014 An electronic solution to Informed Consent in the EHR was completed. A "Smart Phrase" containing all required elements was developed and added to the physician "Note" section. Physicians can access the appropriate language by typing ". consent" into the search field and the appropriate documentation is added to their progress notes under the "Plan" heading. The form, titled "Authorization for Surgery, and/or Special Procedures, and/or Sedation/Anesthesia" continues as the form of choice in downtime situations 07/17/2014 Physician education on both options was deployed in writing to the Medical Staff. Education included: A memo from the CMO Copy of the form "Authorization for Surgery, and/or Special Procedures, and/or Sedation/Anesthesia" Screen shots from the EHR of the "Smart Phrase" option.

HOW:

Ongoing monitoring activities are conducted using the following: Baptist One Care generates an assessment report that flags missing assessment criteria. These reports are reviewed daily by the Unit Manager or designee for compliance and correction. Monthly reports are generated to monitor for overall compliance.

Evaluation Sample size: 70 Inpatients per month from each of the three campuses (total

Method: sample size 210/month) 1. This is monitored monthly for four consecutive months. 2. The denominator equals the total number of cases sampled from all three facilities 3. The numerator equals the number of records in which informed consent was documented per policy 4. The data is reported monthly to the Quality Committee.

Measure of  
Success Goal 90  
(%):

December 23, 2015

11:46 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF ShelbyNAME OF FACILITY: BAPTIST MEMORIAL HOSPITAL

I, Randy King, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Randy King, CEO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 22nd day of December 2015,  
witness my hand at office in the County of Shelby, State of Tennessee.

My commission expires 9-16

My Comm. Exp. 09-16-2018

# **Supplemental #2 -COPY-**

**Baptist Memorial**

**CN1512-066**

**SUPPLEMENTAL 2 RESPONSES**

**RENOVATION OF THE CARDIAC  
CATHETERIZATION LAB**

**BAPTIST MEMORIAL HOSPITAL**

**CN1512-066**

**1. Section C, Need, Item 5 and item 6**

The revised calculations of the Baptist Memphis section of the utilization chart for Shelby County cath labs on pages 16-18 is noted. However, please also revise the 2013 and 2014 calculations for Baptist Memphis in the Shelby County cath lab utilization table on page 16 and the grand totals on page 18 of the original application to reflect the changes, and submit replacement pages.

Please revise the 2014 number of cath procedures listed under item 6 on page 18 from 10,201 to the revised number of 13,681, and submit a replacement page.

Response:

Replacement pages are provided as requested following this page.

However, to clarify, the JAR numbers reflect the number of catheterizations that were performed in the cardiac cath lab and other cath lab settings. The numbers of procedures that are used in the Cardiac Cath Lab historical and projected financial charts have been adjusted, to the extent possible, to indicate procedures that were performed only in the Cardiac Cath Lab setting.

Information systems have changed over the years and the ability to identify outpatient cath procedures by ICD9 code and CPT is no longer available. The comparison between the annual catheterization JAR counts, including data corrections, and the Cardiac Catheterization Lab counts is provided in the following table.

HISTORICAL UTILIZATION Procedure Count				
	<u>YEAR:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
JAR with adjustments		15,730	14,102	13,681
Limited to Cardiac Cath Lab		12,461	11,217	10,201

**2. Section C, Need, Item 6**

Please complete the following historical utilization table using licensed beds (not staffed) for the latest three year Joint Annual Reporting period.

**Response:**

The table below is based on numbers reported in the respective JARs. The number of licensed beds is from schedule F on page 22. Numbers of Discharge Patient Days are from schedule G on page 24. Occupancy is the calculation:  $\text{days} / (\text{number of beds} \times 365)$ .

Hospital	2012			2013			2014		
	Beds	Days	Occ'y	Beds	Days	Occ'y	Beds	Days	Occ'y
Baptist Memorial Hospital	706	170,707	66.25%	706	163,128	63.30%	706	155,576	60.37%



**3. Section C, Economic Feasibility Item 3**

Please provide the revised cost per square for renovation and total construction cost per square foot and compare the cost to other HSDA hospital renovation projects, and submit a replacement page 21.

**Response:**

As indicated in response to questions 7 and 14 in supplemental 1, the expense of the air-handler was distributed over the entire area served by the project which produced a total renovation cost of \$171 per sq ft. After reviewing recent CON applications, there are no projects with space similar to the renovation of the cardiac cath lab project. Therefore the applicant will rely on the Hospital Construction Cost Per Square Foot chart provided in the HSDA Toolbox. A replacement page 21 follows.

**4. Section C, Economic Feasibility Item 4**

Please provide a historical data chart for the BMH's cath lab service.

**Response**

A Historical Data Chart is provided on the following pages for Cardiac Cath Lab services. The utilization reflects procedures that were performed in the Cardiac Cath Lab, which are part of the JAR numbers.

The Projected Data Chart for Baptist Memorial Hospital is noted. Please specify "E. Other Revenue (Expenses)" in the amount of (\$4,241,170) in 2015 and (\$10,895,783) in 2016.

**Response**

The amount shown on line E Other Revenue (Expenses) is primarily an allocation to BMH Memphis for Baptist Medical Group expenses for Medical Staff coverage. It also includes contribution revenue from grants and donations.

The Projected Data Chart for BMH-Memphis is noted with losses of (\$7,713,458) in 2015 and (\$4,702,690) in 2016 is noted. Please clarify when the hospital projects to break even in net income.

**Response**

After review and additional research, an error was found in line F1 Retirement of Principle for both years. For clarification, a letter from the Chief Financial Officer follows this page.

The hospital is currently experiencing positive net income.

Please clarify if Management Fees are ever partially waived to cover hospital net operating losses.

**Response**

Management fees are budgeted by entity and show as an expense for accounting records. However, the management fees are internal to the corporation and support the capability of the individual hospital to provide high quality services to patients. These management fees are for allocations for services such as, finance, human resources, information technology, legal, managed care, planning, marketing, quality assurance, which have been consolidated/centralized for the subsidiaries of a parent company and are reimbursed on availability of funds. All other expenses are addressed in the budgeting process prior to allocating management fees.

The Projected Data Chart beginning with a fiscal year beginning in October 2017 is noted. However, according to the Project Completion Chart the service is projected to initiate in January 2018. If applicable, please revise the Projected Data Chart to include information for the last 2 years following completion of the project.

Response

The project will be completed in 5 phases as shown on the proposed floor plan. As each room is completed it will become operational to prevent disruption of service. Phase 1 is anticipated to be completed around the start of FY 2017. FY 2017-2018 are approximately 2 years following completion of the first phase. The Project Completion Chart also includes consideration for time to transition from one phase to another which involves changing patient access routes to maintain operation during renovation. The completion may finish earlier than Dec 2017. However, FY 2019 is expected to be similar to 2018 and a conservative projection for 2019 has been completed and provided in the following Chart.

**December 29, 2015****4:29 pm****BAPTIST MEMORIAL HEALTH CARE CORPORATION**

December 28, 2015

Melanie Hill, Executive Director  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243.

RE: Baptist Memorial Hospital  
Correction of 2015 and 2016 Projected Data Chart  
Renovation of the Cardiac Catheterization Lab

Upon review of the projected data chart for Baptist Memorial Hospital-Memphis operations in 2015 and projected into 2016, an error was found in line F1 Retirement of Principle. The amounts included many BMHCC Tennessee and Metro entities. The amounts specific to Baptist Memorial Hospital – Memphis are \$2,451,748 in 2015 and \$2,367,808 in 2016. Line F2 Interest is accurate for both years.

The chart indicates total positive net income for both years. Please contact me if you need additional information.

Sincerely,



Donald R. Pounds  
Chief Financial Officer, BMHCC

**5. Section C., Contribution to Orderly Development, Item 7.c.**

The latest Joint Commission survey is noted. Please provide a letter from The Commission confirming accreditation as a result of the provided survey.

**Response:**

Attached is the letter from the Joint Commission dated December 2014. The accreditation cycle began June 2014 and is valid for 36 months.

**December 29, 2015****4:29 pm**

December 18, 2014

Zach Chandler  
CEO  
Baptist Memorial Hospital - Memphis  
6019 Walnut Grove Road  
Memphis, TN 38120

Joint Commission ID #: 7869  
Program: Hospital Accreditation  
Accreditation Activity: Measure of Success  
Accreditation Activity Completed: 12/18/2014

Dear Mr. Chandler:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning June 07, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations



## **Official Accreditation Report**

**Baptist Memorial Hospital - Memphis**  
**6019 Walnut Grove Road**  
**Memphis, TN 38120**

**Organization Identification Number: 7869**

**Measure of Success Submitted: 12/18/2014**

**The Joint Commission****Executive Summary**

**Program(s)**  
Hospital Accreditation

**Submit Date**  
12/18/2014

**Hospital Accreditation :** As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.



**The Joint Commission****Requirements for Improvement – Summary**

<b>Program</b>	<b>Standard</b>	<b>Level of Compliance</b>
HAP	EC.02.03.05	Compliant
HAP	MM.03.01.01	Compliant
HAP	NPSG.03.05.01	Compliant
HAP	PC.01.02.07	Compliant
HAP	PC.01.03.01	Compliant
HAP	PC.02.03.01	Compliant
HAP	PC.04.01.05	Compliant
HAP	RC.02.01.03	Compliant
HAP	RI.01.03.01	Compliant

December 29, 2015

4:29 pm

DEC 29 '15 PM 4:29

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF ShelbyNAME OF FACILITY: BAPTIST MEMORIAL HOSPITAL

I, Carrol COZART, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Randy King, CEO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29<sup>th</sup> day of December, 2015  
witness my hand at office in the County of Shelby, State of Tennessee.

Carrol Cozart  
NOTARY PUBLIC

My commission expires MY COMMISSION EXPIRES:  
December 15, 2018



December 29, 2015

4:29 pm

DEC 29 '15 PM 4:29

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF ShelbyNAME OF FACILITY: BAPTIST MEMORIAL HOSPITAL

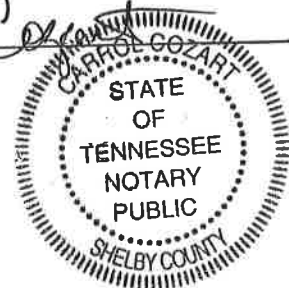
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witness my hand at office in the County of Shelby, State of Tennessee.

Carrol Cozart  
NOTARY PUBLIC

My commission expires MY COMMISSION EXPIRES:  
December 15, 2018





# BUTLER | SNOW

December 10, 2015

## VIA HAND DELIVERY

Melanie M. Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Baptist Memorial Hospital – Certificate of Need Application for Renovation of  
Cardiac Catheterization Lab

Dear Ms. Hill:

Enclosed, in triplicate, is the Letter of Intent for the project referenced above. The enclosed Letter of Intent replaces the Letter of Intent delivered today by overnight courier service.

Thank you for your attention to the enclosed.

Very truly yours,

BUTLER SNOW LLP



Dan H. Elrod

clw  
Enclosures  
cc: Arthur Maples

*The Pinnacle at Symphony Place  
150 3rd Avenue South, Suite 1600  
Nashville, TN 37201*

28936805v1

DAN H. ELROD  
615.651.6702  
dan.elrod@butlersnow.com

T 615.651.6700  
F 615.651.6701  
www.butlersnow.com

BUTLER SNOW LLP



## LETTER OF INTENT

### TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby and other counties in, Tennessee, on or before December 10, 2015,  
(County) (Month / day) (Year)  
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Baptist Memorial Hospital, a Corporation owned by itself, intends to file an application for a Certificate of Need for the renovation and equipment upgrade of the cardiovascular catheterization lab area operated by Baptist Memorial Hospital at 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120. This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. The total project cost for purposes of the certificate of need application is estimated at \$6,109,654.

The anticipated date of filing the application is: December 15, 2015

The contact person for this project is Arthur Maples Director Regulatory Planning & Policy  
(Contact Name) (Title)

who may be reached at: Baptist Memorial Health Care Corporation 350 N Humphreys Blvd  
(Company Name) (Address)

Memphis TN 38120 901 / 227-4137  
(City) (State) (Zip Code) (Area Code / Phone Number)

Arthur Maples 12/9/2015 arthur.maples@bmhcc.org  
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address: **Health Services and Development Agency**

**Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** February 29<sup>th</sup>, 2016

**APPLICANT:** Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis, Tennessee 38120

CN1512-066

**CONTACT PERSON:** Arthur Maples  
350 Humphreys Boulevard  
Memphis, Tennessee 38120

**COST:** \$6,109,654

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In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

Baptist Memorial Hospital (BMH), located at 6019 Walnut Grove Road, Memphis, Tennessee, seeks Certificate of Need (CON) approval for the renovation and equipment upgrade of their 5 cardiovascular catheterization labs area located at the above address. The applicant has a 6<sup>th</sup> cath lab located on another floor that is not part of this project.

The project does not involve additional inpatient beds, major medical services, or the initiation of new services for which a CON is required.

The project involves approximately 14,776 square feet of space which includes 7,728 square feet for replacing the air handler that is mechanical. The total cost per square foot for this project is \$171.83 per square foot including the air handler. Excluding the air handler which covers an area greater than the cath lab area is \$246.65 per square foot.

Baptist Memorial Hospital-Memphis (BMHM) is a non-profit, private general acute care tertiary hospital that is the main campus for BMH. Two other BMH hospital campuses under the same license are BMH-Collierville and BMH for Women in Shelby County. The main campus also accepts complex cases from regional BMH hospitals. The sole member of BMH is Baptist Memorial Health Care Corporation, a non-profit private corporation, with facilities and Baptist Medical Group physicians in Tennessee, Mississippi, and Arkansas.

The total project cost is \$6,109,654 and will be funded through cash reserves as documented by the Chief Financial Officer in Economic Feasibility 2(E).

## GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

### NEED:

The applicant's service area is Fayette, Shelby, and Tipton Counties.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Fayette	44,637	48,510	8.7%
Shelby	959,361	981,022	2.3%
Tipton	67,250	71,196	5.9%
	1,071,248	1,100,728	2.8%

*Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health*

BMH is proposing this renovation project in an effort to bring their cath labs into compliance with current health facility guidelines. The project involves renovation of space for 5 existing cardiac cath labs, new imaging equipment for cardiac and peripheral vascular imaging in two rooms, ceiling equipment mounts in all rooms, new lighting, 2 volcano vascular machines for ultrasound imaging guidance, and omnicell drug dispensing units. The cath labs will be divided into restrictive and semi-restricted areas.

The increased size of the rooms required by the cardiac facilities guidelines coupled with the fact the new equipment generates more heat, and that the age of the current HVAC infrastructure require the need to replace the air handler serving the cath labs and other and other areas. This air handling equipment is essential for the effective care of patients and a sustainable work environment.

The new cath lab equipment will replace units that are more than 10 years old and have reached the end of their serviceable life. New Siemens Artis Q Ceiling BC Combo Cardiology/Radiology equipment will be installed in two rooms. This equipment is capable of peripheral vascular as well as cardiology imaging, which is a growing service.

The applicant intends to continue operation during the renovation, by completing the project in five phases over an 18 month period of time. Each phase will require construction of appropriate barriers to protect the cleanliness of the patient areas.

BMH provided the most number of cath procedures for 2011 through 2014:

2011	2012	2013	2014	Total
15,651	15,730	14,102	13,681	59,164

Methodist University hospital provided the second most cath procedures for 2011 through 2014

2011	2012	2013	2014	Total
11,831	10,749	6,232	24,531	53,343

Total Shelby County Procedures by all hospital cath providers for the same time-frame is provided below.

2011		2013	2014	Total
46,500	45,204	34,643	56,433	182,780

Joint Annual Reports of Hospitals, 2011, 2012 2013, 2014, Tennessee Department of Health, Division of Policy, Planning, and Assessment



The Joint Annual Reports capture all cath lab procedures performed in the cath lab and other settings. The applicant identified their cath lab only procedures for 2012, 2013, and 2014 to be 12,461, 11,217, and 10,201 procedures each year respectively.

#### **Baptist Memorial Hospital Licensed and Staffed Bed Occupancy**

<b>Facility</b>	<b>Licensed Beds</b>	<b>Staffed Beds</b>	<b>Licensed Occupancy</b>	<b>Staffed Occupancy</b>
Baptist Memphis	706	547	60.4%	77.9%

Source: *Joint Annual Report of Hospitals 2014*, Division of Health Statistics, Tennessee Department of Health

#### **TENNCARE/MEDICARE ACCESS:**

The applicant participates in the Medicare and TennCare programs. BMH contracts with TennCare MCOs BlueCross Blue Shield TN BlueCare, Volunteer State Health Plan, and Amerigroup.

Total gross Medicare revenues are \$107,301,269.08 or 65.83% of total gross revenues and total gross Medicaid revenues are \$6,247,166.12 or 3.83% of total gross revenues.

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located on page on page 20 of the application. Total project costs are \$6,109,654.

**Historical Data Chart:** The Historical Data Chart is located in Supplemental 2. The applicant reported 12,461, 11,217, 10,201, and 10,730 in years 2012, 2013, 2014, and 2015 with net operating revenues of \$18,157,597, \$19,160,659, \$18,796,938, and \$19,929,706 each year, respectively.

**Projected Data Chart:** The Projected Data Chart is located in Supplemental 2. The applicant projects 10,730 in both 2018 and 2019 with net operating revenues of \$19,105,876 and \$19,760,176, respectively.

The Projected Data Chart for BMH-Memphis is located in Supplemental 2. The applicant projects 25,800 and 27,070 in 2015 and 2016, with net operating revenues of \$7,359,794 and \$9,854,502, respectively.

#### **Year One and Year Two Charges**

<b>Per Procedure</b>	<b>Year One</b>	<b>Year Two</b>
Gross Charge	\$15,181	\$15,940
Average Deduction	\$11,892	\$12,646
Average Net Charge	\$3,289	\$3,294

The applicant compares charges with recent cath lab projects for Dyersburg and Erlanger on page 27 and 28 of the application.

The applicant considered the alternative of continuing to operate without change but this was unacceptable due to the age of the equipment and the need to bring the facility into compliance with current guidelines. Another option was to build another cath lab location in another area rather than phase in the project. This was dismissed do to inefficiency and unnecessary cost.

**CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

BMH continues to have relationships with entities throughout the Baptist System and other providers in the community. BMH provides a listing of these relationships on pages 20 through 30 in Supplement 1.

BMH's proposed renovations are not anticipated to have an impact on other providers in the service area.

The applicant provides a complete listing of their staffing by position on page 31 of Supplemental 1. No additional FTE's are necessary to continue providing cardiac cath lab services.

BMH is a strong supporter of educational opportunities throughout the region. Baptist Memorial College of Health Sciences is a specialized college offering baccalaureate degrees in nursing and allied health sciences as well as continuing education opportunities.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by The Joint Commission.

**SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT  
OF  
HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

*This project does not involve the addition of beds, services or medical equipment. The project is a renovation of an existing cath lab and the replacement of aged equipment.*

2. For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

*Not applicable. This is only a renovation and upgrade of equipment and is not being relocated.*

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

*Not applicable. This is only a renovation and upgrade of equipment and is not being relocated.*

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*The applicant's continuing use and willingness to renovate and upgrade the cath lab are indications of demand.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*The Facility Guidelines Institute publishes the Guidelines for Design and Construction of Health Care Facilities which is used in Tennessee as a standard for health care facilities. The most recent renovation to BMH's cath lab was designed and built more than 15 years ago. The cath labs are currently located on the opposite site of a single uncontrolled corridor. The building standards have changed over the years and it now recommends controlled access like an operating room environment. Cardiac cath procedures are grouped into services that are provided in interventional imaging suites. The suites are larger in area than the past and access is controlled by a semi-restricted corridor surrounding the restricted procedure rooms. This project rearranges the cath rooms into a configuration in accordance to current guidelines.*

*The project involves renovation of space for 5 existing cardiac cath labs, new imaging equipment for cardiac and peripheral vascular imaging in two rooms, ceiling equipment mounts in all rooms, new lighting, 2 volcano machines for ultrasound imaging guidance, and omnicell drug dispensing units. The cath labs will be divided into restrictive and semi-restricted areas.*

*New Siemens Artis Q Ceiling BC Combo Cardiology/Radiology equipment will be installed in two rooms. This equipment is capable of peripheral vascular as well as cardiology imaging, which is a growing service.*